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 DATED 28 MARCH 2019 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.

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

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 11th 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.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2010-12

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Recommendations fully resolved

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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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9668), 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 2019.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 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: October 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* was published on 27 March 2014. This confirmed that a broader range of new measures should be introduced that report on the performance of students on a consistent basis across different types of providers. These new measures show the outcomes of students studying below Level 3, who disproportionately are more likely to have special needs or disabilities. Because of the scale of the reforms, the department has phased in the new

measures between 2016 and 2019. Outcomes for students studying below level 3 were published for the first time in 2017 performance tables.

5.3 The Department already publishes key stage 4 and key stage 5 destination measures as a headline measure in performance tables and uses this information to monitor performance at a national level. The key stage 5 destination measures have been limited to students studying at level 3. However, in October 2018, the Department published *experimental statistics[1]* showing the destinations of 16-18 year olds who had studied level 2 qualifications.

5.4 The Department will publish the level 2 destinations as official statistics in October 2019 and as part of performance tables in January 2020.

1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/748200/Destinations_Experimental_Text_2017.pdf

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

Recommendations fully resolved

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

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2013-14

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Recommendations fully resolved

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

Recommendations fully resolved

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41	Gift Aid and other tax reliefs on charitable donations
42	Regulatory effectiveness of the Charity Commission
43	Progress at Sellafield
44	Student Loan repayments
45	Excess Votes 2012-13
47	Contracting out public services to the private sector
48	Local Council Tax support
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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 4 recommendations to this report. As of the last Treasury Minute (Cm 9668), 3 recommendations have been implemented. The final recommendation has now been implemented 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 agrees with the Committee's recommendation.

Recommendation implemented

1.2   As part of its inquiry, the Commission reviewed the legal status of the Cup Trust and confirmed that its 2009 decision to register the Cup Trust was legally correct and that the Cup Trust was, in law, a charity. See below for further information on this conclusion.

1.3   The statutory inquiry into The Cup Trust was concluded on 18 January 2019 with the *publication of the Commission's statement of results of inquiry* (the inquiry report).

1.4   The inquiry report includes information regarding its decision to register The Cup Trust;

confirms the Commission's findings, provides an overview of the regulatory action taken, and present its conclusions.

1.5   The Commission notes the length of the inquiry, which was in large part due to extraordinary complexity, various legal challenges by the corporate trustee to the Commission's inquiry and its use of legal powers, and the need for the Interim Manager appointed to seek High Court approval to withdraw the charity's gift aid applications.

1.6   The publication of the inquiry report was delayed due to the dramatic increase in safeguarding incidents reported to the Commission from February 2018 onwards.

1.7   The publication of the report formally draws to a close the Commission's investigation into the now removed charity The Cup Trust.

The registration of the charity and whether it was a charity

1.8   Under charity law in England and Wales, an organisation is a charity if it meets a number of legal tests; namely that it is established for exclusively charitable purposes for the public benefit, and if it falls within the charity law jurisdiction of the High Court.

1.9   The Commission, as the independent charity regulator and registrar in England and Wales, is responsible for determining whether or not an institution is or is not a charity and for registering those that are and which meet the legal threshold for registration.

1.10   The Commission must, in law, register any charity which applies for, and meets the legal requirements for, registration. The law prevents the Commission from turning down an organisation for registration if it meets the legal requirements for registration on the basis of concerns about its management or governance.

1.11   In the case of The Cup Trust, the application to register the charity was assessed at the time on the information provided on behalf of the charity in its application. This included a copy of its trust deed, which included a statement of the purposes for which it was established. That statement of purposes was

> "all and any charitable purposes (as defined within section 1 of the Charities Act 2006)".

1.12   The purposes of an organisation are not the same as the motives of those who establish it, or the activities which it carries out; it is possible for someone to create a charity with the intention of using that charity to do particular things other than furthering the charity's purposes – that does not necessarily mean that it is not a charity.

1.13   In the case of The Cup Trust, the purposes expressed by the governing document were unequivocal, so there was no scope for the court and consequently the Commission to take either the motive of those setting up the trust or its activities into account when determining its charitable status in law. If however, a charity carries out activities which are not permitted, that may be a breach of trust for which trustees may be accountable. And indeed, in the case of The Cup Trust, the Commission has concluded that the corporate trustee was responsible for misconduct and mismanagement in entering the charity into and then managing its participation in a tax avoidance scheme. However, as the law stands, that in itself is not a reason to conclude that The Cup Trust was not and never was a charity in law.

1.14   As such, The Cup Trust was properly registerable as a charity at that time on the information known, notwithstanding its later activities in relation to the participation in the Scheme and the wider benefits which might flow to the individual taxpayers in relation to the Scheme.

1.15   This position was confirmed by independent counsel instructed by the Commission, and then subsequently by the Frist Tier Charity Tribunal.

Changes made to the registration process

1.16   Notwithstanding the conclusion that The Cup Trust was properly registered at the time, the Commission responded to the issues raised and has significantly improved and made more robust its registration and connected processes.

1.17 In 2015/16, the Commission launched a new online registration process, which makes clear to applicants what information they are required to provide to the Commission to allow it to make a comprehensive and robust decision, in order to maintain the integrity of the public register of charities. As part of the registration process, the Commission completes a risk assessment of all applications, to determine that there is sufficient evidence provided by the applicant to demonstrate that they meet the legal threshold for registration.

1.18 Where applications are incomplete or not enough information is provided, the Commission will make enquiries to establish if the organisation's activities are charitable. Where the organisation is not yet active it will require further evidence of the applicant to establish if it is capable of operating as a charity in the law. The burden of proof is placed on the applicant to demonstrate clearly to the Commission that these questions are met prior to an application being progressed.

1.19 Furthermore, 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. This allows the Commission to monitor and, where necessary, test the motivations and actions of trustees of charities to ensure they are acting in the best interests of the charity.

1.20 Where there is sufficient evidence at registration that an organisation does not meet the legal test to be a charity and so is not eligible to be registered as a charity, applications are rejected. In 2017/18, of the 8,375 applications received by the Commission, only 64% met the robust requirement of charitable status.

1.21 Where appropriate, the organisation and/or individuals concerned may be referred to HMRC and/or other regulators.

1.22 In respect of The Cup Trust, were an application like this to be submitted in 2019 as opposed to 2009, then the increased scrutiny and more robust approach that takes place at registration would have led to further evidence being required from the Cup Trust in order to be satisfactorily assured that it was registerable.

Considerations around legislative change to charitable status

1.23 The Commission has, in the years that have followed the opening of its inquiry into The Cup Trust, made significant changes to its approach to preventing, detecting and tackling the deliberate abuse of charity by individuals whose involvement in charity is driven by ulterior motives, such as the desire for unauthorised or inappropriate private gain. Our approach is more focussed and holds applications to greater scrutiny which has resulted in a higher rate of refusals in the last recent years.

1.24 There are sound but complex arguments for changing the law so as to allow the Commission greater discretion to refuse registration, or to deny charitable status to an organisation on the basis of the motives of those seeking to establish or register a new charity. Although, it should be noted that changes could fundamentally alter the nature of charity and the Commission's role; consequences that the Commission imagines Parliament would want to explore more fully.

1.25 The Commission's response to The Cup Trust case, as documented in previous Treasury Minute Progress Reports and in evidence provided to the National Audit Office, was to strengthen the Commission's oversight and regulation of charities once they are registered, and to take action against those how seek to abuse charity for their own private benefit, in addition to other regulatory issues. While it may, in future, be right to reconsider the law around charitable status, the Commission is confident it has in place the controls and robust processes in place to tackle the abuse of charity now.

Findings of the Commission's 2013 Inquiry

1.26 The Commission's inquiry concluded that the charity's trustee, Mountstar Limited, is responsible for "clear mismanagement and misconduct" and failed to fulfil its legal duties as trustee in entering the charity into the scheme and managing its participation in the scheme.

1.27 The inquiry also found failings to address or manage serious conflicts of interest arising from relationships between the corporate trustee and individuals who devised the tax avoidance scheme and had benefited from entering the charity into it and advertising it to tax payers.

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

1.29   The Charities (Protection and Social Investment) Act 2016 introduced new measures to close loopholes and improve the Commission's compliance powers. Using these new powers, the Commission acted in 2017 to disqualify the company Mountstar (PTC) Limited from being a charity trustee in respect of any charity established in England and Wales for the maximum period of 15 years. The order also disqualifies Mountstar from holding any office or employment with senior management functions in any such charity for the same period.

1.30   The Commission also acted to disqualify the three directors of Mountstar from being a charity trustee, also for the maximum period of 15 years, because they were directors of the corporate trustee responsible for mismanagement.

1.31   The inquiry report provides advice and wider lessons for the broader charitable sector, including on the issue of tax reliefs, tax planning arrangements and tax avoidance, trustee duties, and corporate trustees, and encourages charity trustees to consider and act on the conclusions where necessary.

1.32   In publishing the inquiry report the Commission has formally closed the inquiry.

Helen Stephenson CBE
Chief Executive

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 arrangement*s - Session 2013-14 (HC 358), incorporating HC 1030 of Session 2012-13.
- Treasury Minutes: September 2013 (Cm 8697)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 1 recommendation has been implemented. 5 recommendations remained 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: Spring 2020

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 in the context 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. Negotiations with the BMA have been ongoing in some form since 2013. Formal negotiations are currently not progressing although we continue to engage with BMA with the aim of renegotiating the consultant contract in due course.

> **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: Spring 2020

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 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 and the provision of contractual safeguards. Formal negotiations are currently not progressing although we continue to engage with BMA with the aim of renegotiating the consultant contract in due course. It remains the Department's ambition 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. As of 2018-19, 24 specialties are participating with information published from more than 1.2 million episodes of 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: Spring 2020

4.2   The Department is seeking contractual changes that would link pay progression to job planning and an objective based performance assessment process. Proposals are also being developed to revise local performance pay, linking this more closely to job plan objectives and good clinical outcomes. Discussions with the BMA have been on going in some form since 2013. Formal negotiations are currently not progressing although we continue to engage with BMA with the aim of renegotiating the consultant contract in due course.

4.3   Mandatory revalidation also engages doctors in a process that provides a framework for continuous improvements on the quality of their practice.

4.4   NHS Improvement are supporting employers to implement e-jobplanning and aim to have widespread adoption covering the entire clinical workforce across all providers over coming years.

> **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: April 2021

5.2   New interim arrangements for local Clinical Excellence Awards covering the period 2018 to 2021 were introduced from April 2018. New awards are for between one and three years maximum. This will ensure that those in receipt of new awards are demonstrating current excellent performance. Under these arrangements, previously awarded Local Clinical Excellence Awards will become subject to a review process from 2021 onwards.

5.3   Proposals for a revised approach to local performance pay post 2021, or sooner if agreed, 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 organisational objectives - recognising the critical role that consultants play in the success of an organisation.

5.4   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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

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 had been implemented and 1 recommendation remained work in progress which is now implemented, 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.

Recommendation Implemented.

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

6.3   The NHS Long Term Plan was published on 7 January, and is backed by a five year budget settlement to ensure that the service is on a sustainable path to deliver world class care. We will be increasing the NHS budget by an additional £33bn in cash, to a total of £148.5bn, in 2023-24. This is the equivalent of £20.5 billion in real terms. Recognising that ensuring sufficient supply of well motivated staff will be central to the delivery of the plan the Secretary of State for Health and Social Care has commissioned Baroness Dido Harding, working closely with Sir David Behan, to lead a number of programmes to engage with key NHS interests to develop a detailed workforce implementation plan. This programme of work will consider detailed proposals to grow the workforce, including consideration of the additional staff and skills required to deliver round the clock high quality care, and measures to build a supportive working culture in the NHS and ensure first rate leadership for NHS staff. Baroness Harding will present initial recommendations to DHSC in spring 2019. A final workforce implementation plan will follow later in the year, taking into account the outcomes of the Spending Review.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 5 recommendations have been implemented. 1 recommendation remained work in progress and is now implemented 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.

Recommendation implemented.

3.2   The business of understanding interdependencies and sharing best practice across the Criminal Justice System is by its nature ongoing work. The Ministry of Justice has strengthened a number of cross-system mechanisms in recent months, for example creating a disclosure sub group of the Criminal Justice Board to drive change in this area.

3.3   The Criminal Justice Board is a key forum for inter-departmental and inter-agency stewardship of the criminal justice system. Chaired by the Lord Chancellor it brings together Ministers, the Director of

Public Prosecutions, senior police officers, the senior judiciary and senior officials from across the system. Recently the Board has strengthened its capability by setting up a sub-group that is overseeing the implementation of the recommendations from the Attorney General's review of disclosure.

3.4   Groups such as the Criminal Procedure Rule Committee bring together experts and practitioners from across the criminal justice system to support the fair and efficient running of the criminal courts. The committee often addresses cross-system issues – for example, the timely commissioning of psychiatric reports.

3.5   In addition, the implementation of the National Disclosure Improvement Plan has involved close co-operation and joined-up working between the police, Crown Prosecution Service and other prosecutors.

3.6   Her Majesty's Courts and Tribunals Service have been working extensively with the CPS and the Police to deliver a new unified business process with supporting IT to deliver efficient and effective case management across the criminal justice system.

3.7   And the Department and Home Office have developed local and national protocols that recommend a model for engagement between Police and Crime Commissioners and their criminal justice system partners. These protocols recognise the value of all parts of the system focusing collectively on shared priorities, and will be issued to local and national leaders shortly.

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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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 Hinchingbrooke 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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9668), 7 recommendations have been implemented. 1 recommendation remained work in progress, and is now implemented, 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.

Recommendation implemented.

6.2   In 2016, The Department undertook a consultation exercise on a proposed extension to the data sets covered by the Transparency Code and upon options for ensuring compliance. Responses contained a range of views on the merits of the proposals but had little to say about the Code's impact in facilitating increased public scrutiny. No changes to the Code were taken forward in response.

6.3   In 2018, the Department issued a follow-up survey which specifically asked for their views on the Code's efficacy, and whether it had prompted an increase in residents using data published in

accordance with the Code to scrutinise decisions. 88% of survey respondents felt that there had been little or no change in residents engaging with data because of the introduction of the Code. 82% said that residents are not using data in discussions with them and 59% felt that the inclusion of additional datasets would not help the public scrutinise their decisions better.

6.4   The datasets that the Transparency Code requires councils to publish are generally internally focused. Resident surveys repeatedly show that the key drivers of local satisfaction include frontline issues, such as the state of the public realm, housing, perceptions of crime, waste & litter and transport issues. None of these are covered by the Code. MHCLG will develop a package of policy proposals to encourage councils to publish all the information they can (i.e. not personal or sensitive data) as a matter of course. This will help to drive further efficiency and innovation within the sector.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 7 recommendations to this report. 1 recommendation remained outstanding at the time of the last Treasury Minute (July 2018). All recommendations have now been implemented.

> **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.

Recommendation implemented.

6.2   All Lead Local Flood Authorities have now published a final local flood risk management strategy.

6.3   The Department now asks Lead Local Flood Authorities not just whether they have published a strategy but 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.

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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Recommendations fully resolved

	Report Title
2	Disposal of public land for new homes
4	Fraud and error stocktake
5	Care leavers transition to adulthood
6	HM Revenue and Customs performance in 2014-15
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
14	General Practice Extraction Service
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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 2 recommendations have been implemented; the Department neither agreed or disagreed with 1 recommendation and disagreed with 1 recommendation. Two recommendations remained work in progress, both of which are now implemented, 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.

Recommendation implemented

4.2   The College is clear that developing skills, talent and leadership in policing, including business and organisational skills is a priority and this been highlighted in its new 'Plan on a Page', formed through extensive consultation with the wider policing sector and the Government in the latter half of 2018.

4,3   The College delivers a Business Skills module as a compulsory element of the Strategic Command Course (SCC). The module is rooted in the practicalities of running a force. SCC graduates are encouraged to focus their post-SCC Continuous Professional Development on the 'Business Skills' a chief officer requires.

4.4   For the wider service, the College is developing 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 department continues to engage in the development of leadership and business training modules and given the progress made we now consider this recommendation is met.

> **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.

Recommendation implemented

5.2   Work on assessing demands, as recognised by the Committee in their 2018 report on the Financial Sustainability of Police Forces, has developed significantly. Since 2017 the department has undertaken its own work to develop its understanding of financial sustainability of forces, which has provided evidence for improved financial settlements for police forces. Alongside this Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) have introduced Force Management Statements, which are a key driver in systematically bringing together a range of information of comparable demands between forces, but the Department recognises there is still disparity between best practice on demand data.

5.3   The Department will report back to the Committee on the development of demand work and FMS' in response to PAC's 2018 report on the Financial Sustainability of Police Forces.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 11 recommendations in this report. As of the last Treasury Minute (Cm 9668), 8 recommendations had been implemented and the Department disagreed with 2 recommendations. One recommendation remained work in progress and is now 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.

Recommendation implemented

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, Parent Academy, Mind the Gap, Family Skills and FAST projects. Ongoing projects include trials of approaches that use text messages to engage parents in early years and further education settings.

4.3   The EEF is also managing the Department's £5 million fund to trial projects in the north of England that aim to build the confidence of parents in supporting their children in language and reading at home before they start school. The funding round will open in May 2019.

4.4	Furthermore, in December 2018 the EEF published its *Working with Parents to Support Children's Learning guidance report*, which provides practical and evidence-based recommendations for primary and secondary schools on what works to support parental engagement in children's learning – particularly among those in socio-economically disadvantaged circumstances. The report encourages schools to review critically how they work with parents; to provide practical strategies to support learning at home; to tailor their communications to encourage positive dialogue about learning; and to offer more sustained, intensive support where needed.

4.5	In parallel, the Department is working with a range of other external partner organisations to encourage and improve the quality of parental involvement in their child's education, within both the early years and school phases. Through its Opportunity Areas programme the Department is bringing resources and local and national partners together in 12 social mobility "cold spots" across England to improve social mobility for children and young people – including those from disadvantaged backgrounds. Several Opportunity Areas are focusing on parental engagement programmes.

4.6	In Hastings, more than £250,000 is being invested to expand support for parents and carers – including the provision of the 'Triple P – Positive Parenting Programme' which offers practical strategies to help foster healthy family relationships. In Ipswich two trials are taking place of approaches to improving parent engagement in their child's learning and development, and also communication with the school, through text-messaging interventions. In Oldham we are working with families to build parents' knowledge and confidence so that they can support their children with their early language, reading and writing. The Department will learn from what works in each of the Opportunity Areas and spread effective practice to other areas.

4.7	The Department is committed to improving the home learning environment and helping parents support their child's early language development. The Department has already started bringing together key businesses, charities and public sector organisations that share its commitment in this area and which can help build a broad coalition that all parents, families, businesses, charities, local services and social enterprises can be part of. The Department has published a *behaviour change model* that all organisations can use to inform their activities on the home learning environment, so that advice given to families is consistent and evidence-based. It is also developing a campaign that will provide advice and support to parents to encourage language-rich parent-child interactions, and help them embed these opportunities in everyday routines and environments.

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 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 5 recommendations have been implemented. 1 recommendation remained 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 carer's themselves.*

1.1   The Government agreed with the Committee's recommendation.

Target implementation date: September 2019.

1.2   It is for local authorities to ensure their statutory duties are met. The Government has now commissioned a comprehensive programme of research to evaluate and inform the ongoing implementation of the Care Act 2014. This research programme consists of five separate studies that will enhance our understanding of how the Act is being implemented, including the costs associated with delivering different forms of support for example more personalised services. One of the five studies is

specifically focused on the impact the Care Act has had on the support that Carers receive. The research programme is on schedule and is due to be completed by September 2019.

1.3   In addition to this dedicated research programme the Department for Health and Social Care is also continuing to work with NHS Digital to ensure that national data collections support the monitoring of Care Act and its cost. Data collections are kept under review to ensure the Department collects the data required to monitor implementation with minimum cost and burden.

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)
- Treasury Minutes Progress Report: July 2018)Cm 9668)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9668), 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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

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 and is now been implemented 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.

Recommendation implemented.

6.2   Following the Written Ministerial Statement in *summer 2018*, the Department announced via a Voluntary Ex Ante Transparency (VEAT) notice its intention to negotiate contract extensions for delivery of PIP assessments. The Department's contracts are with Independent Assessment Services (IAS) and Capita. Negotiations with IAS have been successful and a VEAT notice was published in early January to announce that the Department had reached agreement to extend until 31 July 2021. Negotiations with Capita are continuing as planned and should be concluded by the end of January 2019 – once concluded the Department will publish a further VEAT notice. This allows safe and stable transition to any new provision. It will also allow the Department to develop a DWP owned IT system to reduce the barriers to new market entrants and allow the Department to deliver the best value for money and service in the future.

6.3   The Health and Disability Assessment Service (HDAS) contract is currently delivered by the Centre for Health and Disability Assessments (CHDA) (a MAXIMUS company) and runs until February 2020. The Department will make appropriate arrangements for the continued delivery of this service and it remains committed to delivering the best outcomes for claimants and taxpayers.

6.4   This backdrop of service stability and continuous improvement creates a platform against which the Department can properly consider its options for the future delivery of health assessments, and the most appropriate route to market to ensure continued service improvement underpinned by an overall balance of commercial risk, reward and value for money. The Department's commercial function continues to apply its category management approach which informs the Department's health transformation agenda, and as part of that the Department has agreed a market engagement plan that will support strategy development and any future procurement. Best practice principles and lessons learned are being applied to the Department's approach and it is confident that its thorough approach to market engagement will result in a competitive market for these important services.

6.5   The Department is fully engaged with Cabinet Office and Government Commercial Organisation colleagues. This approach continues to leverage wide ranging knowledge, skills and experience such that the Department can apply this to its future commercial approach. These measures should sustain and grow future interest in competition and help to achieve continued value for money.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9668), the Department disagreed with 1 recommendation and 1 recommendation has been implemented. 3 recommendations remain work in progress.

> **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 agrees with the Committee's recommendation.

Target implementation date: Spring 2020.

1.2   As announced in the August 2018 Social Housing Green Paper, the Government has confirmed its intention to repeal the legislation in the Housing and Planning Act 2016 which, if implemented, would have led to local authorities' selling off vacant, higher value council homes. The previously proposed secondary legislation will not be introduced, and the provisions in the Act will be repealed as soon as Parliamentary time allows. No impact assessment of the higher value assets policy is therefore required.

1.3   The Department is currently running a large-scale pilot of the Voluntary Right to Buy involving housing associations from across the East and West Midlands. This will be fully evaluated after completion and subsequent policy decisions will be taken in the light of that evaluation. A full impact assessment of the national Voluntary Right to Buy scheme would be made ahead of full commencement.

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.*

1.1   The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020.

1.2   The Midlands pilot is testing how the Voluntary Right to Buy policy works at scale, including its more complex aspects – such as the portability of discounts and the one-for-one replacement of homes sold – which were not tested in the initial, small-scale pilot. The pilot will be fully evaluated after completion, and future funding for the scheme will be considered in the next Spending Review. As this recommendation was primarily about whether the income from High Value Asset sales would be sufficient to fund the discounts for the Right to Buy extension and we are no longer proceeding with the HVA policy, we suggest this recommendation may be closed.

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

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 agrees 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 prior to the full commencement of the policy. The Department will collect data on one-for-one replacement through the Midlands pilot, which will be published.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9668), 6 recommendations had been implemented. 2 recommendations remained work in progress, both of which are now implemented, 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.

Recommendation implemented

6.2   Reforms to healthcare education funding started to take effect form 1 August 2017, with students moving from a bursary-based funding model to loans based. The Department has worked with the healthcare sector to monitor the effect of the reforms.

6.3   The January 2019 Universities and Colleges Admissions Service application data show that the number of applicants to study pre-registration nursing and midwifery in England from August 2019 is

34,030. This is an increase of 4.5% compared to the same point in 2018. The date of the next UCAS data release will be 11 July 2019. This will contain application data as of the June 2019 application deadline and will show the final number of main-scheme of applicants for entry in the 2019-20 academic year.

6.4   To meet the growing need to increase the future supply of registered nurses, the Department made additional clinical placement funding available to enable nurse degree training places to be increased by 25 percent. We acknowledge that there is more work required to get the right people, in the right numbers on courses and open the profession to people from all backgrounds and ensure they receive the support to complete their training in order to serve in our NHS. *The NHS Long-Term Plan*[i] (published on 7 January 2019) set out a range of measures, including the development of a workforce implementation plan led by Baroness Dido Harding. The Department, working with its Arms' Length bodies, has also put in place a package of measures to boost nurse supply. These include a national recruitment campaign, improving staff retention, return to practice, increasing recruitment from overseas including a review of language controls, expanding nursing associates and improving sickness absence.

6.5   In addition to plans to increase the nursing workforce, the Department has also committed to growing the midwifery workforce and is provided additional funding for clinical placements so that 3000 additional midwifery training places can be provided over four years from September 2019.

6.6   The Department is broadening routes in to the Nursing workforce for those where attending university full time is not a realistic option. Through Health Education England, we have committed to training up to a further 5,000 Nursing Associates in 2018 (which has been achieved) and a further 7,500 in 2019. Nursing Associates who have successfully completed training and want to progress into nursing will be able to do so 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.

6.7   The Department remains committed to the provision of several sources of non-repayable funding to support pre-registration nursing, midwifery and allied health profession students whilst attending clinical placements through the provision of support for childcare costs, reimbursement of additional travel and dual accommodation costs as well as additional funding being available for those who may be experiencing exceptional hardship.

6.8   The Department values the role international staff play across the NHS which is why in July 2018 the decision was made to remove doctors and nurses from the ambit of the Tier 2 visa cap. This means that the health and care sector can recruit talented staff from across the world. The Department will continue to work with the Home Office to ensure that after we leave the EU, we will have in place an immigration system which works in the best interests of the whole of the UK.

> **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.

Recommendation implemented

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.   The NHS Long Term plan was published on 7 January 2019, and is backed by a five-year budget settlement to ensure that the service is on a sustainable path to deliver world class care. We will be increasing the NHS budget by an additional £33bn in cash, to a total of £148.5bn, in 2023-24. Recognising that ensuring sufficient supply of well-motivated staff will be central to the delivery of the plan the Secretary of State for Health and Social Care has commissioned Baroness Dido Harding, working closely with Sir David Behan, to lead a number of programmes to engage with key NHS interests to develop a detailed workforce implementation plan, including consideration of the additional staff and skills required to deliver round the clock high quality care, and measures to build a supportive working culture in the NHS and ensure first rate leadership for NHS staff. Baroness Harding will present initial recommendations to DHSC in spring 2019. A final workforce implementation plan will follow later in the year, taking into account the outcomes of the Spending Review

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

Updates on recommendations reported as work in progress

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Recommendations fully resolved

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21	Oversight of arm's length bodies
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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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9668), 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) and the Long Term Plan.   *Next Steps*[2] set the expectation that by the end of 2018-19, the Comprehensive Model of Personalised Care (a development on the Integrated Personal Commissioning model) will reach over 300,000 people, with over 40,000 people having a personal health budget (PHB) by 2018-19. NHS England has now published Universal Personalised Care: Implementing the Comprehensive Model[3], which sets out the road map to deliver the

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[2] https://www.england.nhs.uk/publication/next-steps-on-the-nhs-five-year-forward-view/
[3] https://www.england.nhs.uk/wp-content/uploads/2019/01/universal-personalised-care.pdf

Long Term Plan's objective to deliver the Comprehensive Model for Personalised Care to 2.5 million people by 2023/24. This supports progression towards the NHS Mandate commitment of 50,000-100,000 people benefitting from a PHB by the end of 2020-21. Strong progress is being made, with over 30,000 people benefiting from PHBs in the first half of 2018-19.

6.3   Learning from Local Authorities' experience of introducing and delivering personal budgets remains a cornerstone of PHB policy development, with their experience 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 results applied to PHB rollout. Many of the lessons learnt from personal budgets in social care have been applied to personal health budgets in the NHS; for example, how to best facilitate and support direct payments. This learning will continue to be applied to personal health budgets as the policy develops, as well as integrated personal budgets upon rollout.

6.4   Existing measurements of numbers of PHBs are in place via a mandatory data collection, 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. NHS England also intends to repeat the quality health survey again in 2019 following the success of it this year. This is a user experience survey of people who have a personal health budget, and is planning how to get ongoing insight into user and carer experiences in future. The survey has been designed together with people with lived experience of personal health budgets to ensure it reflects what matters to them

6.5   Moving forwards, there are a range of additional measurements planned. NHS England is working with NHS Digital to improve national data collections so we have a more detailed picture on who is taking up personal health budgets. The Department has also commissioned a formal evaluation of the Integrated Personal Commissioning (IPC) Programme, which will report in Spring 2019. Early learning has already been published by NHS England in the Personalised Health and Care Framework[4]. Progress in IPC areas is being assessed and reported on by demonstrator sites; which include local government and social care. Progress is subsequently monitored quarterly by the Personalised Care programme board. NHS England has also recently established an 'Evidence Unit' to identify learning from PHBs, which can then also be applied to Integrated Personal Budgets as they are rolled out. 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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[4] 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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9668), 6 recommendations have been implemented. 1 recommendation remained work in progress, which is now implemented 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.

Recommendation implemented.

6.2   On 25 October 2018, the Department published, as an annex to the September Teachers Analysis Compendium, experimental analysis on the destinations of trainee teachers who received a bursary. The analysis shows the proportion of bursary recipients awarded qualified teacher status (QTS) at the end of their teacher training course. It then shows the proportion of those awarded QTS teaching in a state-funded school following their training. It provides new evidence about the progression of bursary recipients in the early stages of their teaching careers, to contribute to our understanding of the efficacy of bursaries.

6.3   In the last 18 months, the Department has launched two financial incentives pilots. The first is to test a phased bursary for trainee mathematics teachers, and involves a lower bursary during training followed by two additional early-career payments in the third and fifth year of teaching, subject to having taught in a state-funded school. The second is student loan reimbursement for science and languages teachers, which aims to increase recruitment and retention in areas we have identified as having high need for teachers, as determined by our published data.

6.4   The Teacher Recruitment and Retention Strategy sets out the Department's intention to extend phased bursaries, as part of our wider commitment to increase our focus on teacher retention.

Fourth Report of Session 2016-17

Department for Education

Entitlement to free early years education and childcare

Introduction from the Committee

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

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

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

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 5 recommendations have been implemented. 1 recommendation remained work in progress which is now implemented, 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.

Recommendation implemented

2.2   The Department plays an active role in supporting local authorities (LAs). In order to do this, a

departmental implementation team worked alonside an independent contractor, Childcare Works, to ensure that LAs are able to deliver sufficient 30 hours' places. Together the delivery team and contractor regularly meet with and contact LAs and conduct formal assessments of sufficiency and implementation. These assessments inform a programme of tailored support to help deliver implementation plans. The Childcare Works contract was extended in October 2018, continuing to provide support and advice to LAs in the delivery of the 30 hours offer, as well as the entitlement for 2 year olds. The contract will now expire in October 2019.

2.3   The Department also recognises that adequate funding is key to ensuring providers are willing and able to deliver free childcare places, and therefore supporting LAs to meet their sufficiency duty. The Department will be spending around £6 billion on childcare support in 2019-20 – a record amount. This includes funding for our free early years education entitlements, on which we plan to spend £3.5 billion this year alone. The Department recognises the need to keep our evidence base on costs up to date, and continues to monitor the provider market closely through a range of regular and one-off research projects.

2.4   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 18 December 2018 which set out that an estimated 240,000 children were in a 30 hours' place in the 2018 autumn term[5]. This is 94% of the total codes generated for the autumn term and is in line with the previous terms levels of take up (90% in autumn 2017 ,89% in spring 2018 and 90% in summer 2018). This stability in the data, alongside the fact that the Department has no complaints from parents unable to secure a place suggests there is no evidence of sufficiency issues at a national level or in any LA.

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[5] https://www.gov.uk/government/statistics/30-hours-free-childcare-autumn-term-2018

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (Cm 9668), 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: April 2019.

2.2   The Department published its second *Asset Recovery Statistics Bulletin on 13 September 2018*. This bulletin shows a total confiscation figure of £207 million for 2015-16 as it includes amounts not collected at the time of the PAC hearing which was held early in the reporting year.   The Department will continue to work with operational partners to revise and improve the statistics that are published for future years.

2.3   The Department will publish an Action Plan on asset recovery at the end of April 2019, 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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9668), 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. An update to the handbook is in draft and waiting for approval prior to release in 2019.

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. The FDIS Programme Team is 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 Family Accommodation. 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.

3.4   The Department agrees with the Committee's underlying concern that, in letting future contracts, a robust approach to supplier scrutiny, tender assessment and active contract management to incentivise performance is needed. These are key drivers behind the significant focus on
improving the Department's commercial skills over the last few years, grouped around three major themes:

(i) Strengthening the governance, accountabilities and commercial operating model across the Department, through the functional leadership model and being clear on a single commercial improvement programme. The Department published a functional improvement plan and strategy in May 2018, setting a single improvement journey across Defence covering people, processes and systems.

(ii) Investing in senior commercial leadership for most critical areas of acquisition, with significant new talent hired in from across business sectors with the majority being through the Cabinet Office and Government Commercial Organisation (GCO). There has been a total of 15 new Senior Civil Servant roles established and filled in the last 14 months. This strengthen the Senior Leadership Team and provide an increased focus on Strategic Supplier Management which was approved by the Department's Executive Committee in April 2018.

(iii) Focus on developing key commercial skills for staff through a comprehensive training programme and testing and accrediting staff to evidence they have reached the required standard through the GCO or the Department's own in-house assessment processes, linked to their contractual authority and sign-off limits. The Commercial Professionalism Programme (CPP) was rolled out to all Commercial staff within the Department in 2016-17.

3.5   In addition, significant work has been undertaken by the Department as part of the Government's Outsourcing Review, to actively address lessons learned from recent outsourcing exercises and to define robust future approaches, principles, practices and policies for future complex outsourcing activities. The Government's Outsourcing Playbook was published on 20 February 2019 and will shape the Department's future approach.

> **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 2019.

4.2   The concept of a 'Housing Association' has been explored previously. The legal advice provided at that time identified a number of potential benefits, but these were constrained by the way the Service Family Accommodation estate is provided. The Department continues to consider this concept alongside other approaches for the provision of new housing.

4.3   The Department continues to investigate different approaches to the provision of new housing, in particular through its work on the Accommodation Funding and Delivery Strategy. A model has been developed to transfer the funding, construction, management and void risk to a partner, although the precise approach would be dependent on the specific site or groups of sites in question. In December, the Department will begin testing how the model could, in comparison to other current approaches, deliver Value for Money solutions for the Department's specific requirements for new Service Family Accommodation and for new Single Living Accommodation under the Defence Estate Optimisation programme.

4.4   The Department is also developing an overarching Defence Accommodation Strategy to commence in 2019 to provide consistent direction to all accommodation policies and programmes including the Future Accommodation Model, Forces Help To Buy (now extended to 31 December 2019 for new applications), the Accommodation Funding and Delivery Strategy, single Service projects, and Defence Estate management. The Department is also considering increased access to subsidised accommodation for cohabiting couples. The Strategy will draw on expertise inside and outside Defence to undertake a comprehensive review of how the Department manages the provision of accommodation to Service personnel. The intent is to align all projects and change initiatives that directly or indirectly impact on Defence accommodation. This will provide a coherent approach to understanding current and future supply and demand requirements in order to maximise the use of the Defence Estate and ensure that it continues to support the needs of Defence, now and in the future, in an efficient manner which delivers value for money.

> **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.*

4.5   The Government agreed with the Committee's recommendation.

Target implementation date: December 2019.

4.5   The Future Accommodation Model, due to be piloted for a number of years, from 2019 will provide increased choice of accommodation to Service personnel through renting or home ownership in the private housing market. During the pilot, detailed engagement will take place with Service personnel and their families at pilot locations to explore qualitative views on the Future Accommodation Model and improve our understanding of Service personnel preferences. The results of these focus groups and surveys will enable the Department to fully evaluate the scope of the pilot and better understand its impact on Service personnel and their families, with a view to delivering a modern accommodation offer which provides increased choice and delivers better value for money.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 4 recommendations had been implemented. 2 remained work in progress, one of which is now implemented 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.

Recommendation implemented.

5.2   The Department and HS2 Limited continue to engage with the Ministry for Housing Communities & Local Government (MHCLG) to develop local growth strategies. Some initial work on developing measures has been carried out by HS2 Ltd and a key focus is on further developing a core programme baseline to support Phase 1 of HS2 (London to Birmingham). MHCLG has also been working with local places to develop growth strategies which will enable a more 'bottom-up' quantification to align with local places ambitions. An initial version of the Benefits Baseline was completed in April 2018 and work continues to clearly articulate accountabilities and responsibilities for taking benefits management forward, including how it will fit with regeneration responsibilities and how to ensure the right data is identified to measure progress. This work will continue during the development and construction of Phase 1.

5.3   Following the Department's letters to the authorities responsible for all four of the local places with HS2 stations on the Phase 2b route (East Midlands Hub, Leeds, Manchester Airport and Manchester

Piccadilly) these now have local growth strategies in place. The responses to these letters enabled the Department and HS2 Ltd to determine which high-level proposals could be accommodated within the HS2 funding envelope, as well as those which should be funded from other sources, including funding sources to be identified by local authorities. During 2019 the Department expects to engage with local places to agree individual place-based targets which can be included in the Benefits Baseline.

> **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: January 2020

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 by the end of 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 Programme Board that involves Network Rail, HS2, and the Department to work together to ensure maximised benefits of HS2.

6.4   The Department expects 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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9668), 7 recommendations have been implemented. 1 recommendation remained work in progress and is now implemented as set out below.

> **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.

Recommendation implemented.

2.2   The Department recognises that improvements need to be made to the delivery of rehabilitative and Through the Gate resettlement services to offenders released from short custodial sentences and is taking steps to address this.

2.3   In July 2018, the Government announced variations to current CRC contracts, including investing an additional £22 million a year to enable providers to deliver an enhanced level of Through the Gate

support. This requires CRCs to complete specific tasks to help every offender to secure and maintain settled accommodation, gain employment, manage debt and financial affairs, and have their health and any addiction issues addressed. Mobilisation of the new specifications began on 1 October 2018 with full implementation expected by 31 March 2019. The Department's Contract Management team will monitor delivery against these new obligations.

2.4   As part of the development of future probation arrangements, the Department is also considering how further improvements can be made to ensure that post sentence supervision better fulfils its statutory aim of rehabilitation and that the quality of resettlement services is improved and aligned to wider changes across the prison and probation system. This includes ensuring offenders can better access the services they need to support their resettlement and rehabilitation. Detailed plans will be announced later this year.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9668), 5 recommendations have been implemented. 2 recommendations remained work in progress, one of which is now 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: December 2020

1.2   The current target is to publish WGA within one year of the end date to which the accounts relate. This ensures the accounts remain relevant and informative for both Parliament and readers of the document. However, WGA remains a highly complex undertaking, consolidating several thousand entities across the entire UK public sector. The nature of WGA means that any issues within a significant component can have an effect on the overall account.

1.3   The Department published the 2016-17 WGA in June 2018, and is expecting to publish the 2017-18 WGA one month earlier, by the end of May 2019. Incremental efficiencies in the timing of publication

will be made over the next couple of years, with larger improvements possible once the underlying technology has been improved. The Department is undertaking significant investment in new systems to improve financial management across government, and WGA is integrated into these from inception.

1.4   The medium-term goal is to produce the 2018-19 accounts by March 2020, through improved processes and efficiencies. The Department will continue to work with the Department for Education and the NAO on the new academies reporting framework to deliver improvements for future years. The longer term aspiration is to publish WGA by the end of the calendar year. However, this will require more fundamental changes to underlying processes.

1.5   The Department has included country and regional data in the 2016-17 WGA, providing regional analysis of spending based on the Public Expenditure Statistical Analyses (PESA). Improvements were also made to the performance report to provide better trend analysis across assets, liabilities, income and expenditure. Treasury will continue to improve the performance report, in particular with the inclusion of relevant information relating to EU Exit, and further information on how government is proactively managing some of the risks raised by disclosures within WGA.

> **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.

Recommendation implemented.

6.2   The 2016-17 WGA included additional analysis of the pension liability in the performance report. This included an explanation of the underlying drivers in the liability along with the wider criteria government uses to assess affordability of public sector pensions. This should help users of the accounts to better understand the year on year movements, the effect of discount rate changes, and the affordability of pensions.

6.3   This links in to further analysis on the affordability of public sector pensions which can be found in the government's response to the OBR 2017 Fiscal Risks Report, which was published after WGA in July 2018.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9668), 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: March 2019.

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.[6]

5.6   The FCA published an interim report in May 2018[7], 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.

5.7   Due to business as usual adjustments, the FCA have now publicly committed to publishing the Final Report of the Mortgage Market Study in the first Quarter of 2019. This will cover the FCA's final findings, a summary of feedback received from industry and next steps.

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

[7] https://www.fca.org.uk/publication/market-studies/ms16-2-2-interim-report.pdf

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 5 recommendations have been implemented. 1 recommendation remains work in progress and is now implemented 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.

Recommendation implemented

2.2   The Government has now committed to all new apprenticeship starts being on standards by the start of the 2020-21 academic year, when all remaining frameworks will be withdrawn. 41 per cent of

apprenticeship frameworks have already been withdrawn and new high quality apprenticeship standards represented nearly 44 per cent of starts in 2017/18, compared to just 5 per cent in the 2016-17 academic year.

2.3   The Institute for Apprenticeships' *Faster and Better*[8] programme has resulted in significant improvement in the time taken to approve standards. Over 400 standards are available for delivery. Government has committed a further £3.5 million for the Institute to introduce new standards and update existing ones which will enable it to take the total number of approved standards to 500 in 2019.

2.4   As well as continuing to focus on making more standards available, the Institute has begun the process of reviewing existing standards. The reviews ensure that the knowledge, skills and behaviours acquired through the apprenticeship remain relevant to industry, ensuring quality, and that the standard represents value for money for both employers and Government. The first statutory review of 12 standards, all on the digital route, began in September 2018. The Institute will announce the outcome of the digital review in 2019 along with a timetable for all the remaining routes.

2.5   In 2018 the Institute introduced a digital interface with trailblazer groups for proposals and standards followed by End Point Assessment provision, significantly reducing the administrative burden for employers. All steps of the approval process form part of the Institute's 'Digital Pathway', a change programme designed to ensure that all key products are automated. Alongside this, the Institute is continuing to develop the functionality of its online management information system.

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[8] https://www.instituteforapprenticeships.org/about/faster-and-better/

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9668), 3 recommendations have been implemented. 2 recommendations remained work in progress, one of which is now 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.*

The Government agreed with the Committee's recommendation.

Recommendation Implemented

1.1   A dispute arose between the Department and Atkins. The parties have now reached a settlement. The terms and the arguments underpinning it are commercially confidential. The Department has therefore written to the Committee in commercial confidence providing further details.

> **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 2020.

4.2   The commercial air service commenced in October 2017. During its first year, the service carried over 6000 passengers and made a small surplus. Passenger numbers were in line with expectations for the first year. In 2018, the island saw a 50% increase overall in island arrivals and departures over previous sea access. Tourist arrivals for the October 2017-18 period were 80% higher than the same period for the previous year, before air service commencement. The St Helena Government now publishes arrival and departure statistics every month.

4.3   It remains early days and it will take time to build the service and to increase tourist numbers. Additional high season midweek flights were introduced in December last year so it is now possible for visitors to do short-stay visits of three or four days. This provides additional flexibility which will add to St Helena's attractiveness as a tourist destination.

4.4   The Department still intends to commission work to recalculate the projected tourism figures based on the real data from flight operations. The Department will commission this work by the end of February 2020. The review timing will allow the use of travel figures from two comparable peak season periods (i.e. fully served by air access rather than the Royal Mail Ship which was decommissioned in February 2018).

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9668), 6 recommendations have been implemented. 2 recommendations remained work in progress and are now implemented, as set out below.

> **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.

Recommendation Implemented

5.2   The Department has reviewed what is being delivered by the increased funding for English. Some key findings are:
- The additional funding was predominantly spent on people who had arrived in 2017: 78% of 2017-18 ESOL funding beneficiaries arrived in 2017, 17% in 2016 and only 3% respectively in both 2015 and 2018; allocated equally between men and women.

- Of the 1,656 individuals aged 16 years and above who benefited from some form of additional ESOL funding in 2017-18:
- 1,507 (91%) were attending some form of ESOL provision as of April 2018.
- The average number of weekly hours of ESOL provision attended was 8.6 hours.
- 43% were reported to be at pre-entry level, 29% at Entry Level 1, 11% at Entry Level 2 and 8% at Entry Level 3 or above as of April 2018.

5.3   Feedback from local authorities also suggests that the funding has increased local capacity by enabling more tailored approaches to learning, facilitation of bespoke classes with some focussing on employment skills, improved accessibility through one to one tutoring for those unable to travel and assistance with transport costs for more disperse regions.

5.4   However, local authorities and ESOL regional coordinators have reported that issues remain in the underlying ESOL infrastructure. Several local authorities reported that even with this additional funding, there are still issues with supply not meeting demand at all ESOL levels. Other particular barriers to learning English identified for this cohort included: provision at pre-entry level not always meeting need; low levels of literacy; lack of suitable childcare to allow adults to attend ESOL; and difficulties addressing the needs of those with severe physical or mental health issues.

5.5   The Government's Integrated Communities action plan, published on 9th February, includes commitment to deliver a national English language strategy for England by autumn 2019. The Home Office is working closely with the Department for Education and the Ministry of Housing, Communities and Local Government to develop the strategy, which will improve ESOL provision for all learners. The Home Office and Department for Education are also funding a project to develop new resources for pre-entry level provision, with a particular focus on the needs of refugees. These will be available by spring 2019.

> **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.

Recommendation Implemented

6.2   The Department has undertaken a review to develop a better understanding of mental health and wellbeing needs of those refugees resettled in the UK including victims of torture under the programme and is now working closely with other Departments to inform the development of appropriate support and treatment.

6.3   The Department has had discussions with partners about how operational practices can be improved and identified areas where changes could be made, including sharing of best practice in using existing VPRS funding to put in place services for this cohort. This has included the development of a Directory of Services signposting appropriate services for those arriving under the VPRS. NHS England are currently consulting on revising the BME Positive Practice Guidance, which will include sections on refugees and asylum seekers. Additionally, the Department is working with NHS England and Health Education England to invest in the development of a continuous professional development module to upskill frontline therapists to meet the mental health needs of refugees including victims of torture.

6.4   The Department has also trialled the pre-departure use of the *Global Mental Health Assessment Tool* at the *International Organization for Migration* (IOM) clinic in Beirut for a small cohort of resettled people to assess and identify a wide range of mental health problems in primary health care settings. The pilot has completed, and the evaluation is currently being finalised.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9668) 4 recommendations remain work in progress, one of which is now implemented 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: Spring 2019.

1.2   The review into the Emergency Service Mobile Communications Programme (ESMCP) is complete and a decision has been taken to go forward and complete the new network, subject to agreement by all other sponsors of the programme, which is expected by end of Q1 2019. The reset of the programme has revised the timeline of the original business case, through introducing the incremental delivery of products. ESN Prime, the product that will meet the most stringent user requirements is schedules to be available from mid-2020. Full roll out of the solution will follow and complete by the end of 2022.

1.3   As part of the reset 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 the 'Prime' product is available. The Emergency Services fully understand the cost implications of remaining on Airwave and are committed to supporting the delivery of ESMCP and transitioning onto ESN as soon as possible.

1.4   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. The Department continues to deploy a team of local implementation leads, funded from departmental budgets, to help users develop their own individual transition readiness requirements and plans.

> **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: Spring 2019.

2.2   As part of the Programme reset the cost to deliver ESN has been revisited. Over the 15-year lifetime of the business case ESN is set to cost more than previously estimated, largely because Airwave being needed for a longer period under the new plan. However, even after factoring this in ESN is still significantly cheaper than continuing with Airwave.

2.3   In the revised business case the Net Present Value (NPV) of continuing with the delivery of ESN is £1.6 billion greater than continuing with Airwave (as per FBC vers0.7). The revised costs of delivering ESN have been included within the revised Full Business Case forecast that guides the Departments in forming their future budgets for the programme should it be approved by the beginning of Q2 2019. These costs are based on amending the National Shut Down Date (NSD) for Airwave to Q4 2022. After NSD ESN will still save over £200 million a year compared with Airwave.

> **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 2019.

3.2   As part of the programme reset, technical controls and release management processes have been comprehensively overhauled. Each ESN product now undergoes an extensive gate review process before moving into a seven-stage process of technical, user, integration, service and user acceptance testing, before it can be considered ready for adoption.

3.3   The short trials and pilots stage post testing is also being overhauled and a new Operational Evaluation Strategy (OES) developed ensuring ESN products meet the original user requirements and are fit for use in an operational environment. Rather than assessing the final product, the OES focuses as early as possible on an incremental approach, highlighting concerns or operational problems, as well as

any variance from specified requirements. This step change in operational evaluation in the live environment has been well received by senior users.

3.4   ESMCP continues to work with Transport for London (TFL). All accept the critical importance of ensuring that ESN will be delivered in London Underground in time for adoption of ESN by the Metropolitan Police to begin, currently planned for March 2021. TFL has installed c70% of the radiating cable in tunnels and passive infrastructure for about 25% of stations. The Department is working with TfL on their Public Cellular Network (PCN) initiative to explore whether this project can be aligned, and costs shared without causing delay to Airwave NSD. This reflects Mayoral political commitment and avoids operational challenges of trying to maintain Airwave underground.

3.5   Good progress is also being made on the other underground systems with ESN due to be activated on SPT, High Speed 1, Merseyrail and Nexus by mid-2019, with all other road and rail locations activated by the end of 2019.

> **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: Implemented

5.2   The Department is working with the Department for Digital, Culture, Media and Sport (DCMS), Cabinet Office Crown Representatives 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.

5.3   The Programme is also building an extra c300 sites in the most remote and rural areas of Britain called the Extended Area Service (EAS). A list of these sites has been shared with the Scottish and Welsh Governments, which in turn has been shared with all four mobile operators under a Non-Disclosure Agreement, enabling identification of sites could improve commercial mobile coverage in the future.

5.4.   The Department is working closely with suppliers and users to ensure that devices with the necessary technical features will be available in the market for users to purchase, while ensuring they conform to the correct technical standards to operate the priority access to ESN is based on. These technical features are now starting to appear in devices from multiple suppliers. To facilitate further choices of devices the Programme has established a framework contract with device suppliers and Samsung are the first supplier signed up. In parallel, the Programme continues to work closely with Motorola to ensure that the specifications for devices allow the largest possible number of suppliers to bid to provide devices for ESN.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minutes (Cm 9668), 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: Spring 2019.

4.2 The Government publishes information on the Framework, such as details of the assumptions which underpin the Levy Control Framework Modelling twice per year in the Office for Budget Responsibility Updates alongside fiscal events and through the annual Renewables Obligation Setting process.

4.3   The Department was aiming to publish a report on the impact of energy policies on consumer bills by December 2018. However, following the Government's announcement of a new energy strategy and publication by the Department of updated gas and electricity price statistics, the Department has taken the decision to revise its modelling to ensure consumers receive the most current information. As a result, the Department now plans to publish the report by the Spring.

Forty-Second Report of Session 2016-17

Department for Work and Pensions

Benefit sanctions

Introduction from the Committee

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

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9668), 1 recommendation has been implemented and 2 recommendations will not be implemented. 2 recommendations remained 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: Summer 2019

2.2   The Department has been conducting analysis on the geographical variation of sanction rates. This analysis is conducted on a quarterly basis and is therefore ongoing without a completion date. The most recent analysis was completed in December 2018. Analysis of variation is undertaken following each quarterly Benefit Sanctions Statistics publication (the latest release in *November 2018). Variation is now monitored using this analysis at a senior operations board (the Sanctions Steering Group), with the issue sponsored by an Operations director, and actions taken where appropriate, to ensure that work coaches are appropriately taking an individual's circumstances into account. The department is finalising the assimilation of Universal Credit data into the analysis and will publish when this work has been completed, which is now expected to be in Summer 2019.

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. In the meantime, it remains the case that at a local level we monitor that protections are applied appropriately. The Department has introduced a 'pinned notes' function into Universal Credit. This allows important information to be highlighted to all users on the front page of the claimant's account, including about a claimant's complex needs, to help ensure easements/safeguards are applied

appropriately. It also enables local managers to more easily monitor the application of those easements as part of their quality assurance responsibilities.

2.4   The Department is committed to providing better data on complex needs. Work to develop the Department's approach to capturing accurate, aggregate data on claimants, including those with complex needs, is ongoing and has been prioritised for the current Universal Credit development phase.

> **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: Summer 2019.

3.2   The Department has corresponded with the UK Statistics Authority (UKSA) and has fully met three of their five *recommendations* confirmed in the latest response from UKSA. 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 plans to meet one of the outstanding UKSA recommendations by publishing additional information on repeat sanctions by summer 2019.

3.4   The final UKSA recommendation was to include in the quarterly benefit statistics bulletin a statement of the proportion of Job Seeker's Allowance (JSA) claims subject to a sanction, as well as the proportions of claimants who have been sanctioned during the most recent one-year and five-year periods, and the numbers on which these proportions are based. The Department now publishes the rate of JSA claimants that have been sanctioned within the Quarterly Benefit Sanctions statistics bulletin. The Department considers this to be a practically achievable and helpful way to observe the proportion of claimants sanctioned and trends over time. The Department intends to engage with stakeholders in future consultations on these statistics to establish whether this meets user needs.

3.5   With regards to the recommendations made by the National Audit Office on better information, the Department continues to work closely with them in respect of these.

3.6   From November 2018, the Department added to its published destination statistics new measures for people with earnings in the six month period following a decision to sanction. This met a commitment made to the committee by the Department's Permanent Secretary.

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[9] 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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 10 recommendations in this report. As of the last Treasury Minutes (Cm 9668), 8 recommendations have been implemented and the Department disagreed with 1 recommendation. 1 recommendation remains work in progress, as set out below.

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

> **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.

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[9] This figure is now 400,000 young people

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-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), 6 recommendations had been implemented. 1 recommendation remained work in progress, and is now implemented as set out below.

> **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.*

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

4.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

4.2   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. Prior to the Committee's recommendation, in response to the 2014 Workload Challenge, the department introduced the Department for Education Protocol[10] which sets out a number of commitments: they include a minimum lead-in time of at least a year for any changes to school accountability, the

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[10]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/594215/DfE_Protocol_-_Feb_2017.pdf

curriculum and qualifications which require schools to make significant changes which will have an impact on staff workload; and to do more to consider the impact on schools when introducing such changes. Originally published in March 2015, the Protocol was reissued in February 2017. The development and reissuing of the Protocol underlines the Department's commitment to making sure schools have enough time to prepare for change.

4.3   In addition to this ongoing work to evaluate cost implications as part of policy development, and in response to the Committee's recommendation, the Department has developed a more rigorous approach to assessing burdens on schools, including a stronger focus on user-centred policy design, and consideration of how staff time will be used to implement and embed changes in schools. This approach has been trialled effectively and is now being embedded into departmental practice, so that, where appropriate, policy advice will provide information on the cost implications (both monetary and staff time) on schools. Departmental publications related to changes which affect schools, such as guidance and consultation documents, will include information about the impact of these changes on schools.

4.4   Alongside these specific measures, the Department has undertaken a range of recent actions to reduce additional burdens on schools. On 10 March 2018, the Department 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.

4.5   In August 2018, the Department published the strategy document, 'Supporting Excellent School Resource Management'[11]. This sets out the support - both existing and planned - that the department is making available to help schools reduce cost pressures. It also summarises an analysis of school spending.

4.6   The Department established the Workload Advisory Group, chaired by Professor Becky Allen, which looked at unnecessary data and evidence collected in schools, and what (and who) drives that behaviour. On 5 November 2018, the government published the report from the Workload Advisory Group and their response[12] accepting all the recommendations in full. This means, for example, that the Department:

- will not request regular attainment data from schools beyond statutory data collections, unless they meet a trigger for intervention;
- will not request data on pupil targets and predictions to hold schools to account;
- will only ask schools for data in the school's existing format where possible; and
- will not proceed with the introduction of optional re-sits in year 7 for those students who did not reach the expected standard in reading and mathematics.

4.7   Reducing unnecessary workload in schools is a priority for the department and a key element of our work to reduce additional burdens on schools. It is an important element of the recently published teacher recruitment and retention strategy[13], which sets out how the department will encourage school leadership teams to reduce teachers' workload and create the right climate for headteachers to establish supportive school cultures.

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[11] https://www.gov.uk/government/publications/supporting-excellent-school-resource-management

[12] https://www.gov.uk/government/publications/teacher-workload-advisory-group-report-and-government-response

[13] https://www.gov.uk/government/publications/teacher-recruitment-and-retention-strategy?utm_source=fb715ba4-f4ed-4e48-9c4e-37a9f1b13db7&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9668), 4 recommendations have been implemented and the Department disagreed with 1 recommendation. 2 recommendations remain work in progress, and are now implemented 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: Implemented

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).

2.3   The Department wrote to the Committee on 25th October 2018 confirming that:

- With reference to Recommendation 2 above, the Department has created and commenced a plan to improve contract management capability which the Department is delivering through the Cabinet Office led Contract Management Capability Programme (CMCP).

- The Department has in place a Director level Senior Transformation Lead (STL). The STL is working closely with the CMCP programme to implement the improvements in line with the CMCP guidance and is fully on track with the CMCP timetable. The main steps involve categorising all DIT contracts into their level of importance; identifying all staff involved in contract management; connecting them with the programme and ultimately ensuring they go through the prescribed assessment and associated development. The cross-Government deadline for ensuring this is complete for those managing the most critical contracts is Dec 2019 and DIT are on track and committed to this deadline.

- With reference to Recommendation 6 above, the Department now has a Commercial Blueprint which has been approved by the Permanent Secretary; the Government Chief Commercial Officer, and the Chief Executive of the Civil Service. The Commercial Blueprint includes plans around the top priorities of contract management improvement (as per above); development of Official Development Assistance (ODA) commercial capability; and progression up the scale of the Government Commercial Operating Standards. The Commercial Blueprint lays out the operating model on how to achieve this progression within the Department, whilst delivering known requirements for the business and ensuring resilience for the future.

Fifty-Second Report of Session 2016-17

Home Office

Upgrading emergency services communications - recall

Introduction from the Committee

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

Following the Committees evidence session in November 2016 the Department told the Committee that ESN will be delayed by 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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 4 recommendations in this report. As of the last Treasury Minute (Cm 9668), 4 recommendations remained work in progress, two of which are now implemented, 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.

Recommendation Implemented.

1.2 When Motorola Solutions Incorporated (MSI) took ownership of Airwave, the Department negotiated monthly extensions of contracts by region, rather than extending the entire contract for a full 12 months. This enabled the National Shut Down Date (NSD) to be deferred should ESN not be ready for full national operation. Twelve months' notice is needed 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 was required about extending Airwave until 31 December 2018.

1.3   Following the conclusion of the Emergency Services Mobile Communications Programme (ESMCP) review and, which undertook an in-depth and exhaustive analysis of all the benefits and risks of continuing with ESN, the planning exercise concluded Airwave NSD could not be completed until ESN adoption was also completed in Q4 2022. As such the Department signed the approval for the extension of Airwave on the 19 December 2018. This 'Notice of Extension' amends the point at which notice to defer the NSD needs to be provided by the Department to 31 December 2022 and retains the existing obligation to provide 12-month notice period. All other Airwave signatories: Welsh Government, Scottish Ambulance, Department of Communities and Local Government (DCLG) and Department of Health and Social Care (DHSC), were consulted on and supportive of signing the Airwave extension.

> **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.

Recommendation Implemented.

2.2   The Department has been engaging with MSI and Vodafone to examine a variety of possible options for the transmission solution. As Airwave is an outsourced PFI contract, supplied as a service, it is MSI's responsibility to determine how the service will be provided in the period after Vodafone withdraw their legacy transmission product. Following the announcement by Vodafone of their intention to commence a programme of network rationalisation including retirement of their Time Division Multiplexing (TDM) circuits, Airwave initiated a programme, with Vodafone, to replace the affected circuits with new ones running TDM emulation over the Vodafone IP network. Vodafone have committed to Airwave to provide the old circuits until the new services are available.

2.3   The Department is monitoring progress on a regular basis as part of the Airwave Sustainability workstream. This workstream was initiated to assess and monitor the health of the Airwave service and to plan and support the work to ensure its continuation through an extension period of up to 10 years. The Department also has an agreement with MSI 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: Spring 2019

3.2   ESMCP has been consistently identified as a key risk due to its status as the largest Programme in the Department and the transformational nature of the implementation of ESN. It was first noted on the Departmental Risk Register in July 2015. Regular reporting and in-depth analysis continues in relation to ESMCP's risks, with top risks and issues provided weekly to the Programme Governance Boards for review. There is a monthly cycle for reviewing risks and issues internally, with suppliers and with users. The MSI, EE and Samsung reviews are followed by assessments at the weekly Programme Working

Group and Technical Delivery Working Group (the supplier facing governance meetings), ensuring risks and issues are owned, understood and dealt with to ensure minimal impact to the Programme's costs, quality and timelines.

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 monthly by the Programme. The Programme is currently undergoing several assurance reviews both internal and external to the Department. Internally, the governance structure has been reviewed and an additional independent assurance panel set up to provide further scrutiny and oversight on the Programme, including of key risks and issues, alongside existing departmental boards and committees. Externally, the Infrastructure Projects Authority, Cabinet Office and Her Majesty's Treasury are all conducting reviews to inform whether they will support approval of the full business case in Q1 2019. The National Audit Office is currently undertaking a review of the Programme and is due to publish its report in April 2019.

> **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: Autumn 2019

4.2   The Department is working closely with Transport for London (TfL) to align ESN with their Public Cellular Network (PCN), and share costs, without causing delay to the Airwave NSD. TfL intend their PCN will deliver ESN and be capable of expansion to support other future services. TfL has committed to delivering ESN in all stations and tunnels by March 2021; an important objective for the Department which is supporting preparation of detailed plans and validating TfL's planning assumptions. ESN will be available across London Underground on trains, stations, ticket-halls, passenger walkways, stairs, escalators and platforms as well as non-passenger areas. ESMCP funded installation work has begun in 22 stations and 301km of radiating cable laid in tunnels. TfL and EE are working together to finalise the design of the technical solution, alongside Ericsson as design assurance lead.

4.3   The move to incremental product-based adoption has necessitated a complete rethink to adoption planning. It is unlikely that any one service within a region will be similar to another and the challenges of each organisation and locality will need to be accommodated, from the Notting Hill Carnival in central London to the Glastonbury festival in rural in Somerset. Dependency on other capabilities are also being considered, for example the necessity to complete roll out of ESN on the London Underground before the Met Police can commence adoption. A new transition plan is being developed in consultation with user organisations. Early capability workshops have been completed and have demonstrated the importance of the new approach. Further work in the months ahead will solidify a new implementation plan for each ESN product, by service and by locality.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 3 recommendations have been implemented. 3 recommendations remain work in progress, one is now 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: Implemented

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 has been working closely with NHS Digital on data on activity in general practice. On 6 December NHS Digital published, for the first time, data on GP appointment counts, and will continue to publish this. The publication also included information at national and CCG level. However, this is not a robust indicator of waiting times, largely because it will include routine follow-ups booked many weeks in advance and where patients choose a later slot than the earliest one available. NHS Digital and NHS England are currently evaluating the quality of the data at practice-level.

3.4   Over the period to 2021 NHS England will develop a comprehensive and structured dataset describing access to general practice based on better and more consistent recording via standards defined in consultation with the Joint General Practitioners Information Technology Committee in 2019-20 and reported through practice systems. We will also create a new transparent measure of patient reported satisfaction with access. The aim is to end up with published robust activity and waiting time data at individual practice and Primary Care Network level having allowed time for systems to embed this properly alongside the equivalent hospital data, as part of a combined set of statistics.

> **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 latest workforce data from NHS Digital showed 34,510 full time equivalent (FTE) doctors working in general practice in December 2018. This was 27 FTE fewer than in December 2017, although headcount increased by 459 doctors in the same period.

5.3   Work to deliver the commitment for 3,250 GP trainees per year from 2016 resulted in 3,157 GP registrars being recruited in 2017 and the target being exceeded in 2018, when 3,473 doctors were accepted into GP specialty training.

5.4   We are addressing workforce retention issues by continuing to invest in support for GPs who might otherwise leave general practice, by encouraging a strong focus on retention in local plans and by investing £10 million in 2018-19 to help the areas that are struggling the most to recruit doctors into general practice.

5.5   The 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, 265 places were made available in 2018 of which 262 were filled and a further 276 places are available for 2019.

5.6   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 to attract 500 GPs back into the workforce by 2020. So far 263 GPs have completed the scheme and are now able to work in practice without conditions. A further 266 are currently on the scheme either undertaking assessments or placements. This includes GPs recruited via the International Recruitment programme.

5.7   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 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 have been 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. NHS Digital data show that the wider (non-GP) workforce had grown by 2,493 FTE between December 2017 and December 2018.

6.3   The new GP contract framework, published on 31st January 2019 set out plans for an "Additional Roles Reimbursement Scheme" in Primary Care Networks. This will provide guaranteed funding for up to an estimated 20,000 additional staff by 2023-24. The funding available will be phased and will meet a recurrent 70% of costs for additional clinical pharmacists, physician associates, first contact physiotherapists and first contact community paramedics; and 100% of the costs of additional social prescribing link workers. The distribution of the workforce increase across the five roles will depend on the choices that individual networks make, working with their system partners and taking in to account their existing workforce.

6.4.   Significant progress has also been made on the commitment to ensure additional clinical pharmacists in general practice by 2020. As at September 2018, NHS Digital statistics show that 882 FTE clinical pharmacists were working in general practice, an increase of 714 FTE since September 2015. Based on an evaluation undertaken by the University of Nottingham, the eligibility criteria for practices to participate were relaxed during 2018 to allow more flexible arrangements, especially in rural areas with more sparse patient populations. By 2023-24, through the reimbursement available under the "Additional Roles Reimbursement Scheme", a typical network of 50,000 patients could choose to have a team of six FTE clinical pharmacists depending on local context. Pharmacists currently funded through the Clinical Pharmacists in General Practice Scheme and the Pharmacists in Care Homes Scheme will be brought into the networks.

6.5.   General Practice – Developing confidence, capability and capacity: A ten-point action plan for General Practice Nursing was published in July 2017. The plan describes the changes required to improve recruitment and retention, and encourage the return of nurses to general practice. Its overarching focus is to build and develop the capacity and capability that is needed across the whole primary care workforce in order to manage more people's health closer to home, as well as building GPN capability to support improved and innovative approaches in delivering health and wellbeing. Implementation of the actions in the plan is now progressing, including the establishment of four regional GPN delivery boards to oversee delivery at a local level. As at September 2018, 16,037 FTE nurses were working in general practice, an increase of 639 FTE since September 2015.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9668), 2 recommendations have been implemented and the Department disagreed with 2 recommendations. 3 recommendations remain work in progress, two of which are now implemented, 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.

Recommendation implemented

1.2   The recommendations of the Ambulance Response Programme (ARP) have been implemented in all English 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 English ambulance trusts are operating against this new framework. A review of the ARP is complete and provides a set of recommendations for further improvements to the framework.

1.3   As part of NHS England's review of Ambulance Clinical Quality Indicators (CQIs), new indicators for stroke and STEMI (a type of heart attack) have been published since April 2018. Sepsis indicators were published for the first time in November and piloting of the new Mental Health CQI bundle continues.

> **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.

Recommendation implemented

2.2   The Lord Carter review into Operational Productivity and Performance in English NHS ambulance trusts was published in September 2018. The Ambulance Improvement Programme (AIP) is implementing its recommendations, seeking to eliminate unwarranted variation, identify efficiency improvements, and specify the benchmarking criteria for an "optimal model" ambulance trust.

2.3   The AIP has published a Framework for the Commissioning of Ambulance Services and National Urgent and Emergency Ambulance Services Specification in September 2018. This details what is to be commissioned and the desired outcomes to reduce variation across the system. It also details how services should be commissioned, and what the optimum governance arrangements should be to integrate the ambulance service with the wider urgent care system.

> **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   Plans for tackling NHS workforce issues are in development and will be set out in the workforce implementation plan. Subsequent milestones for the implementation of identified actions are in place. These include implementation of the Urgent and Emergency Graduate manager pilot scheme which will be rolled out in two additional ambulance trusts in September 2019, with full roll out to all trusts by September 2020. Phase 2 of the Rotating Paramedic programme is underway which enables specialist and advanced paramedics to rotate through a variety of settings in one role. Settings include primary care, community based teams and ambulance services. The programme is expected to improve patient care and support workloads in each of the organisations involved.

5.3   A report detailing the supply and demand of the ambulance workforce has been presented to the Association of Ambulance Chief Executives, which will inform individual ambulance trust workforce plans. Plans to expand the number of paramedics working in Primary Care have been constructed to avoid an adverse impact on the staffing of ambulance trusts, specifically through an increase in training places (including direct entry tuition fee funded students) from 1,850 in 2017-18, to 2,415 in 2019.

5.4   A Health and Wellbeing direct support programme has been launched across all ambulance trusts, covering improving health and wellbeing, reducing violence, aggression, bullying and harassment and sickness absence.

5.5   Work to implement the re-banding of paramedics to band 6 of the NHS pay-scale continues. The band 6 national job description has been implemented. All ambulance trusts have achieved the associated March and September 2018 staff training plan milestones.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 1 recommendation has been implemented and the Department disagreed with 2 recommendations. 3 recommendations remained work in progress and are now 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.

Recommendation implemented

2.2   The Department produced a *report* on international evidence and what can be learnt from the housing policies in other countries and sent this to the Committee on 10 July 2018.

> **4: PAC conclusions:** *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.*

> **4: PAC recommendations:** *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.*

4.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

4.2   Both Departments wrote to the Committee in September 2018 reporting 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 explored 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. This was shared with the Committee as an *annex to the letter* sent by Melanie Dawes CBE in September 2018.

> **5: PAC conclusions:** *Too often, the Government is subsidising landlords in the private rented sector to provide homes below a decent standard.*

> **5: PAC recommendations:** *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.*

5.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

5.2   MHCLG and DWP 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.

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

Updates on recommendations reported as work in progress

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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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 4 recommendations have been implemented. 2 recommendations remain work in progress, as set out below.

> **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: Summer 2019.

2.2   The Department is working with its partner organisations to develop a report of its estimates on the impact of Government energy policies on consumer energy bills. This will also include an assessment of the impacts on the poorest households.

2.3   The Department has confirmed the most appropriate methodology and governance structure and had hoped to publish the information by December 2018. In November 2018, however, the Government announced a new energy strategy, which will be developed into the Energy White Paper. Following this announcement, the Department has updated its analysis and is making final preparations for publication of the report, which is now expected to be in Spring 2019.

> **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   In summer 2020, the principal tool for managing risks to security of supply will be 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   Following the judgment of the General Court of the Court of Justice of the European Union in Case T-793/14 and the standstill period it has imposed on the Capacity Market, the UK government is working closely with the European Commission on the necessary steps for the Great Britain Capacity Market scheme to be investigated as quickly as possible.

5.5   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 monitoring progress with delivery).

5.6   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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 4 recommendations have been implemented and the Department disagreed with 1 recommendation. 1 recommendation remains work in progress, as set out below.

> **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: Summer 2019

6.2 DHSC published an update on progress in to the Committee in the July 2018 Progress Report.

6.2   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 were reviewed in late 2018. The Department is currently working on the results of this review, which will conclude by summer 2019.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 2 recommendations have been implemented and the Department disagreed with 1 recommendation. As of this update, 1 recommendation has been implemented and 2 recommendations remain work in progress, 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: Summer 2019

2.2   The Department, the Ministry of Justice and NHS Resolution are committed to tackling the costs of clinical negligence given that NHS funds spent on clinical negligence are resources not available for

front-line care. This is a complex issue and there are no easy or quick answers. The Department has been leading intensive work across government to address this recommendation, looking in detail at all the drivers of cost. While the Department is not in a position to announce conclusions yet, it intends to set out more detail on the way forward in due course. The Department will write to the PAC with an update by summer 2019. Meanwhile, the personal injury discount rate is currently being reviewed under new legislation.

> **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 This recommendation is on track for implementation by March 2019. NHS Resolution is developing an education programme to provide a single platform for a range of learning events, modules, best practice and learning products to support improvements in patient safety and improve access to 'point of incident' resolution when errors occur. Modules in development for implementation during 2019-20 include consent, 'point of incident' resolution for families and carers, 'point of incident' resolution for staff, and learning from inquests.

4.3 During 2018, NHS Resolution ran two national '*Finding the words*' events to help health professionals develop the confidence and skills to prepare for difficult conversations with patients when things go wrong.

4.4. NHS Resolution's research into claims motivation highlighted the need to involve patients and families in incident investigations and to listen to their concerns. To help embed this principle in maternity care, one of the ten safety actions in NHS Resolution's maternity incentive scheme is a requirement for maternity trusts to demonstrate that they are acting on feedback from user involvement in investigations.

4.5 NHS Improvement published a consultation on proposals for a national safety strategy for the NHS in December 2018. This includes openness and transparency as one of three key principles that should underpin implementation of the strategy and invites views on what more should be done to support this. Responses to the consultation will be used to inform the national patient safety strategy, which is due to be published in Spring 2019.

> **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.

Recommendation implemented.

6.2 The picture on settlement times is complex and influenced by a range of factors including several policy reforms, and responses to them, and changes in claims volumes. The number of new claims reported to NHS Resolution (NHSR) peaked in 2013-14 and there has been a steady decline since then. While the average time to resolution has increased over the last ten years, that picture is not consistent across all claim types: litigated claims show a greater increase in time to resolution than non-litigated claims. Within litigated claims, settlement times for cases where damages were paid have stayed broadly the same, whereas there has been a noticeable increase for cases where no damages were paid, particularly since 2014-15.

6.3   NHSR has increased recruitment and delivered efficiencies in claims handling to reduce the caseload of its handlers and enable more active case management. It is also increasing its use of mediation and other forms of alternative dispute resolution to improve the experience of patients and keep cases out of litigation where possible. Its five-year strategy will deliver a restructured claims function and review of its IT platform to achieve further operational efficiency.

6.4   Her Majesty's Courts and Tribunal Service has been working to increase judicial resource, and recent recruitment campaigns have led to an estimated additional capacity of around 3,800 civil days in 2018-19. These additional days will help improve performance in the multi-track (the claim management process to which most clinical negligence claims are allocated), and are part of a five-year judicial recruitment plan.

6.5   A working group established by the Civil Justice Council (CJC) is currently designing a new streamlined process for clinical negligence claims valued up to £25,000 of damages alongside a grid of fixed recoverable costs which would help to ensure these claims are resolved as efficiently as possible. The Department expects their recommendations shortly.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

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 remained work in progress, 2 of which have now been implemented, 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: July 2019**.**

1.2   The Department is working with the banking sector, UK Finance, Financial Conduct Authority (FCA), Payments Systems Regulator (PSR) and Her Majesty's Treasury to make more information publicly available on the measures that banks have put in place to protect their customers against fraud. This will result in information being presented in ways that will allow customers to compare individual banks' anti-fraud measures.

1.3   Standards are being developed to help the banks demonstrate publicly what anti-fraud measures they have in place. A code for reimbursement model for authorised push-payment frauds (where a victim is deceived into authorising the transaction) is due to come into effect in May 2019. The British Standards Institution's Publicly Available Specification (PAS) for protecting customers from financial harm as a result of fraud or financial abuse is due to be reviewed towards the end of 2019, and standards aimed at protecting victims have been introduced within the *Take Five to Stop Fraud* campaign.

1.4   Improved fraud data-sharing between the private sector and law enforcement and government is being facilitated through the City of London Police developing a new system that enables industry to report fraud more efficiently. In addition, new detailed fraud reporting requirements were introduced by the FCA in January 2019. These requirements include specific rules on banks and other payment firms to report complaints about authorised push payment fraud to the FCA. The introduction of the new multi-agency National Economic Crime Centre (NECC) should also lead to more information sharing between the private sector and law enforcement on emerging threats and trends, and more frequent and joined-up sharing of intelligence and fraud prevention data.

> **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 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 is working through the Joint Fraud Taskforce (JFT) to develop new procedures, and make better use of technology, to help detect and reduce fraud.

2.3   The Taskforce is exploring the use of more dynamic and focused SMS and email messaging to customers when certain activities occur against their account to help protect them against fraud. An industry-led 'Confirmation of Payee' scheme is due to be introduced in 2019, which should help prevent Authorised Push Payment (APP) scams. When a person is sending money to a new payee, checks will be carried out to ensure the sort code and account details entered match the intended recipient. The person will be notified if the details do not match the name they entered, and they can then choose not to proceed with the payment. The Payment Systems Regulator (PSR) wants to see the scheme brought in as soon as possible, whilst also making sure that, when it is introduced, it is an effective way to help stop APP fraud from taking place.

2.4   The Department has also been contributing to work led by the PSR to develop a 'Contingent Reimbursement Model', designed to improve the likelihood of money being returned to victims of APP scams. In September 2018, an independent steering group of financial institutions and consumer representatives published a draft code of practice for public consultation setting out the circumstances in which payment services providers should reimburse APP fraud victims. The consultation is now closed and the steering group finalised the code at the end of February 2019.

2.5   Such measures will be underpinned by the Regulatory Technical Standards (RTS) on Strong Customer Authentication, which comes into force on 14 September 2019, and supplements the second Payment Services Directive. Consumers should benefit from enhanced e-commerce security solutions being introduced in line with the regulatory requirements, and Strong Customer Authentication should help protect individuals and businesses against 'Card Not Present' fraud.

2.6   In addition, the JFT has been assisting Vocalink to pilot technology and data analytics they have developed to identify, track and trace funds from fraudulent transactions. This technology is now live in the UK and has been adopted by a number of financial institutions. The JFT will continue to work with its partners to develop the legal and regulatory framework to maximise the benefits of this technology, including by seeking to develop a system to allow more funds to be returned to victims of fraud.

> **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.

Recommendation implemented.

3.2   Outcomes of the second phase of the *Take Five to Stop Fraud* campaign were evaluated in 2018 and highlighted its value in providing straightforward, impartial advice to help protect people from preventable financial fraud. The Department and UK Finance have used the findings of that evaluation to inform planning for the next phase of the campaign.

3.3   Phase three, to be delivered in 2019, will include the launch of a financial sector wide *Take Five* Voluntary Code. This will commit signatories to expanding the reach of the campaign by consistently, coherently and concertedly using *Take Five* messages, and embedding them into their existing and new communications and advertising activity on fraud. In this next phase of the campaign, its target audience will be expanded, reflecting victims data collected by the banking industry. The current target audiences are women 35+, couples 45-65 and 65+ singles. It will now be expanded to cover Small and Medium-sized Enterprises (SMEs), ensuring greater alignment with the Government's *Cyber Aware* campaign.

3.4   These developments will be supported by a central function funded by the Department and the banking sector that will provide ongoing strategic direction, coordinate PR and social media activity, and evaluate the impact of *Take Five*. There will be a strong emphasis on partnerships to achieve the long-term sustainability of *Take Five*. The central function will also focus on expanding the campaign into other sectors (for example, the retail and telecoms sectors).

> **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: July 2019.

4.2   The landscape in which Government responds to economic crime continues to evolve. The Joint Fraud Taskforce (JFT) is examining how it sits within that landscape, including its relationship with the new National Economic Crime Centre (NECC). While the JFT will continue to be a collaboration between Government, law enforcement, and industry, it recognises the need to be agile in its response to fraud and to draw on the expertise of other sectors, such as the telecommunications industry, to reduce the incidence of fraud.

4.3   The independent review of the JFT last year has been the basis for its reorganisation, which is due to be completed shortly. The JFT used the findings within the review, and the stakeholder views that were captured, to re-examine its structure, governance, processes, and key objectives. The JFT is committed to transparency and will publish its plans, based on the findings, together with updates on its activities, reports on progress, and measures of success, once its objectives, priority projects, and resourcing have been reset.

> **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.

Recommendation implemented.

5.2   Since it reported to the Committee on progress in March 2018, the Department has prioritised efforts to improve the collection and reporting of fraud data to help close the gap between reported and actual fraud.

5.3   It has invested in a new IT system for Action Fraud, which went live on 6 October 2018. This system improves the victim reporting process through the introduction of a streamlined, more intuitive, online portal for crime reporting. The National Fraud Intelligence Bureau's (NFIB) analytics capabilities have also been upgraded, with reports of fraud now available to analysts in minutes rather than days, as was previously the case. The new system also enables forces to directly access intelligence held by the NFIB. A further £1.4 million of funding from the Police Transformation Fund (PTF) has been used to support the exchanging of crime and victim data, collected through the NFIB, with local police force record management systems. This provides police forces with increased awareness about victims within their force areas.

5.4   The City of London Police has also been developing a system that enables industry to report fraud more efficiently. It allows organisations to upload up to one thousand reports in a single file. This capability will be further enhanced through the introduction of new arrangements enabling industry (for the first time) to integrate their own fraud detection and case management systems with Action Fraud.

5.5   The Home Office Analysis and Insight (HOIA) Team has continued to develop its evidence base on the scale, nature and impact of fraud against individuals and businesses, using comparative analysis from key data sources, such as Action Fraud, the Crime Survey for England and Wales, and academic literature. The HOAI team's evidence review can be found here: https://www.gov.uk/government/publications/the-scale-and-nature-of-fraud-a-review-of-the-evidence

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   HM Inspectorate of Constabulary and Fire & Rescue Services' (HMICFRS's) report on fraud is due to be published in early 2019. The Home Office expects it to recommend how the investigation of fraud can be improved. The Department will work closely with policing to take forward HMICFRS's recommendations at the national, regional and local level. In particular, it will work with the City of London Police to use the recommendations to determine how best to support and challenge policing to make further improvements in their response to fraud and support for victims.

6.3   The Department will ensure City of London Police undertakes, and is accountable for, its lead force role for fraud based on the HMICFRS's recommendations, including the identification, development and sharing of good practice to help police forces tackle online fraud. In conjunction with the City of London Police, the Department will measure delivery of reforms in line with the HMICFRS recommendations, including the resulting benefits.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 10 recommendations in this report. As of the last Treasury Minute (Cm 9668), 5 recommendations have been implemented and the Department disagreed with 1 recommendation, 2 recommendations remained work in progress and a further two have 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.

Recommendation implemented.

1.2   A Resourcing Transformation Programme has been established within the Department (MoJ) 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   The Programme has made improvements to time-to-hire. This includes pre-employment checks, which have moved online through Disclosure Barring Services and Disclosure Scotland Solution Disclosure; applying time limits for responses to each stage of the recruitment process and the

introduction of additional Service Level Agreements (SLAs) agreed between the Department and HM Prison and Probation Service and SSCL to speed the progress of submitted applications. Targeted recruitment campaigns have been introduced to alleviate vacancies for the harder to fill sites.

1.5   The management of recruitment and allocation of new prison officers is managed centrally, aiming to maintain a small merit or reserve list of candidates to call forward at any time, with the completion of pre-employment checks that follow the provisional offer now substantially faster for all candidates apart from those working in the high security estate or with young people who require a higher level of checks. Using data prepared by Analytical Services, new candidates are brought forward to start work at a date projected for vacancies to occur at the establishment rather than waiting for a vacancy to actually occur. Allocation management operates to a date six months ahead in drawing down candidates for appointment.

> **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.

Recommendation implemented.

3.2   NHS England rolled out a new service specification for substance misuse services from 1 April 2018. The rollout is being assured by named regional leads who report regularly to NHS England's Health and Justice Oversight Group.

3.3   The new specification addresses the rise in the use of psychoactive substances (PS) and the resulting problematic behaviour. It provides for an annual health needs assessment of the population served by each substance misuse service. This gives local commissioners the opportunity to vary services according to the need of each prisoner cohort.

3.4   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.

3.5   The Department and HMPPS are working closely with health and law enforcement partners, are developing a national prison Drug Strategy which will provide all prisons with guidance and examples of best practice to support them in tackling drugs. This will include advice on how to restrict the supply, as well as reduce demand for drugs among prisoners and support their recovery. The strategy will be published shortly.

> **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: June 2019.

4.2   Dissemination of information sharing protocols is a local requirement and the joint responsibility of NHS England with HMPPS, via the National Prison Healthcare Board in line with the National

Partnership Agreement. The Information Sharing Agreements 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 Information Sharing Agreement is agreed and monitored.

4.3   NHS England, through the National Prisons Healthcare Partnership Board and jointly with HMPPS is responsible, in line with the National Partnership Agreement, for ensuring that all establishments have an Information Sharing Agreement 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 Information Sharing Agreement in place, the date it was signed and when it was last reviewed.

4.4   NHS England has developed a national Information Sharing Protocol template. Following approval through the National Prisons Healthcare Partnership Board it will be disseminated to regions for a phased national roll out. This has been delayed due to the work on the National Partnership Agreement and the supporting Workplan which were published in 2018, but work will now continue to ensure roll-out by April 2019.

4.5   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 are now publishing benchmarking audit data on an annual basis.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9668), 3 recommendations have been implemented. 2 recommendations remain work in progress, one of which is implemented, as set out below.

> **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.

Recommendation Implemented.

4.2   The Department has now received the report of the independent consultants which concludes that the efficient out-turn cost for the Network Rail element of scope should be circa £48m at current prices. Circa £27m has been identified as cost that should be excluded when considering the repeatable cost for a similar project.

4.3   Therefore the repeatable base is £4.36m per km (excluding rolling stock). The cost per kilometre if all the costs of the tram train pilot are included such as modifications to the existing tramway, depot and three additional vehicles for growth on existing tram network is £9.36m per km.

4.4   High-level benchmarking, undertaken by consultants CPC, against other tram or light rail schemes – see below – suggests that a tram-train scheme that is able to utilise existing rail and tramway infrastructure is considerably more cost effective than building new infrastructure. It has not been possible as part of this work to ascertain costs for any tram-train specific schemes, however this will be added to the remit of the end of pilot project review in 2020.

Scheme	Cost per km	Notes
Sheffield Tram Train	£4.36m	Cost for Network Rail infrastructure modifications only - excluding rolling stock
Sheffield Tram Train	£9.36m	Including all costs for all rolling stock and alterations to existing tramway and depot
PAC average for UK schemes	£13.34m	Including Manchester Metrolink Phases 1 & 2, Nottingham, Midland Metro, Nexus extension to Sunderland, Croydon and Sheffield Supertram
Edinburgh	£45.68m	Tram scheme
Brest (France)	£23.41m	Tram scheme
Dijon (France)	£22.9m	Tram scheme
Rio de Janeiro (Brazil)	£12.79m	Light rail scheme
Orange County (USA)	£25.5m	Planned tram scheme
Canberra (Australia)	£32.7m	Planned tram scheme

> **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 £1.1billion 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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 10 recommendations in this report. As of the last Treasury Minute (Cm 9600), the Department disagreed with 3 recommendations. 7 recommendations remained work in progress, all of which have now been implemented, 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*

> **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.

Recommendation implemented

1.2   The *Rough Sleeping Strategy* was published in August 2018, setting out an ambitious £100m package to help people who sleep rough now and put in place the structures that will end rough sleeping once and for all. It is the first step towards achieving our vision of a country where no one needs to sleep rough by 2027. It is built around three core pillars: preventing rough sleeping before it happens, intervening at crisis points, and helping people to recover with flexible support that meets their needs, and includes 61 commitments from across government. The strategy was developed by the Rough Sleeping and Homelessness Reduction Taskforce, an inter-ministerial group bringing together 10 departments with an interest in supporting the manifesto commitment to end rough sleeping by 2027.

1.3   The Rough Sleeping Strategy was an important first step to achieving our manifesto commitment, but the Department is clear that halving and ending rough sleeping will require an ongoing, concerted effort across all government departments. The Department committed in that strategy to publish a

delivery plan, providing further detail on how we intend to deliver the commitments made. This [was published on 10 December 2018](#). The Department also committed to produce annual public updates of this strategy – both to highlight progress made, and to set out new cross-government contributions to reduce rough sleeping.

1.4   The Rough Sleeping Strategy included a commitment to tackling wider homelessness issues, including the numbers of families in temporary accommodation and poor quality accommodation. The Government has committed to publishing our plans on wider homelessness and we will do so is in due course as we work towards the Spending Review.

> **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.

Recommendation implemented

2.2   Government Departments, including the Ministry of Housing Communities and Local Government (MHCLG) and the Department for Work and Pensions (DWP) , have been working together effectively to address the national problem of homelessness through the Rough Sleeping and Homelessness Reduction Taskforce. The Taskforce met for the first time on 7 March 2018 and continues to meet regularly.

2.3   The MHCLG and the DWP are working closely together to effectively deliver a number of joint commitments made in the Rough Sleeping Strategy which relate to welfare and employment, as well as on broader homelessness issues. Further to this, the *30 March Rough Sleeping* Initiative announcement included a commitment to create a multidisciplinary team of specialist advisers, and this includes two members of staff seconded from DWP into MHCLG (one full-time operational adviser and one part-time policy adviser), who work closely with the broader MHCLG delivery, policy and strategy teams.

2.4   The [*Rough Sleeping Strategy delivery plan*](#), published in December 2018, includes an update on progress and upcoming milestones for these commitments. As above, all relevant departments, including DWP, are committed to continuing to work closely together to identify new solutions to rough sleeping and wider homelessness.

> **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.*

2.5   The Government agreed with the Committee's recommendation.

Recommenation implemented

2.6   The Department wrote to the Committee in December 2018 setting out the headline statistics on statutory homelessness for April to June 2018. The letter also included 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. Some of the key findings included:

- Between 3 April and 30 June 2018, 58,660 households were owed a new statutory homeless duty.
- Of these 33,330 households were owed a new prevention duty and 25,330 households were owed a new relief duty.
- Between 3 April and 30 June 2018 local authorities accepted 6,670 households as being owed a main homelessness duty.

- On 30 June the number of households in temporary accommodation was 82,310, up 5% from 78,540 on 30 June 2017, and up 71% on the low of 48,010 on 31 December 2010.
- Of the 10,540 households whose prevention duty ended between the 3 April and 30 June 2018, 6,700 households or 64% had secured their existing or alternative accommodation for at least 6 months.
- Of the 7,230 households whose relief duty ended between 3 April and 30 June 2018, 4,100 or 57% of households had secured accommodation for at least 6 months.
- Combined, prevention and relief duties ended for 10,800 households by securing accommodation for 6 months or more.
- The number of households with dependent children in B&B accommodation fell 3% from 2,640 to 2,560 between June 2017 and June 2018.
- The number of households with dependent children in B&B accommodation over six weeks fell 25% from 1,200 to 900 in the same period.

2.7   The Department will continue to publish its annual autumn rough sleeping official statistics in January 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.

Recommendation implemented

2.9   To deepen our understanding of the impact of welfare reform on homelessness and rough sleeping, MHCLG and DWP jointly commissioned a feasibility study into researching the wider causes of homelessness, including households' experience of the welfare system as well as other factors such as housing affordability or relationship breakdown.

2.10   The feasibility was completed by the independent supplier, Alma, and was comprised of three strands which included:

- 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 on homelessness.

2.11   The study recently reported and recommended that we develop a flexible suite of models to predict future homelessness trends and appraise policy changes. We are working with the ministerial teams across DWP and MHCLG to decide how best to take this work forward. Following their consideration, we will write back to the Committee setting out our plans for 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.

Recommandation implemented

3.2   The Department is committed to eliminating the use of non-decent temporary accommodation and has taken significant 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:

- households with dependent children in B&B accommodation fell 3% from 2,640 to 2,560 between June 2017 and June 2018; and

- households with dependent children in B&B accommodation over six weeks fell 25% from 1,200 to 900 in the same period.

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. The new grant funding has changed the way we fund temporary accommodation which means it is now 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 report proposed creating a local authority owned company "Capital Letters", to initially become the landlord on boroughs' existing leased properties and procure further properties, providing significant potential to improve supply, reduce costs, and achieve better outcomes for homeless families through centralised procurement. In December 2017, the Department then commissioned a business plan, to give more detail and assurance on sustainability and value for money of the project. The Department has been working closely with London Councils to deliver on this plan, and there are now 11 London boroughs who have agreed to become formal members of Capital Letters.

> **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.

Recommendation implemented

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 with the support of DWP, and costs of rough sleepers to the Criminal Justice System. The data collection began in Spring 2018 and the Department expects initial findings to be available in spring 2019.

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.

5.4   The Department has undertaken some initial feasibility work and explored the legal and technical aspects of linking H-CLIC to administrative data held by other Government Departments. This will be a complex and time consuming project but we believe that in principle the data can be linked, and we are considering plans for how we can take forward this work.

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.*

5.5   The Government agreed with the Committee's recommendation.

Recommendation implemented

5.6   H-CLIC enables the Department to assess how effective local authorities are, and are not, effective at helping those who are homeless. The new statutory homelessness statistics published on 13th December provide details on the number of households that asked their local authority for help, and the percentage of households that secured accommodation through the prevention, relief and main homelessness duties under the Homeless Reduction Act. The statistics also set the support needs of those that are owed duties under the Act. As data quality improves more statistical information will be made available. This data is used to shape the support that local authorities receive through our team of HAST advisors.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9668), 1 recommendation had been implemented, 4 recommendations remained work in progress, two of which are now implemented, 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: Spring 2019.

1.2   NHS England has an assurance mechanism in place in relation to the NHS CHC National Framework.

1.3   The work undertaken to understand the reasons for the time taken between eligibility decisions and care package provision has indicated a link to the complexity of the individual's needs and the capacity of the local independent care home and home care (domiciliary) provision to meet that need. To better understand this, a sample of Clinical Commissioning Groups (CCGs) via a Commissioning Support Unit (CSU), are assisting with evidence to help report the average placement time for packages of care for those eligible for NHS CHC. This will support the development of key performance indicators specific to the procurement or brokerage of NHS CHC care, and a methodology for CCGs/CSUs to monitor and report against.

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.

Recommendation Implemented.

2.2   A joint piece of work was delivered during the summer of 2018 to establish the types of information patients and their families would like to have about NHS CHC, the best format for this information and at what stage in the process the information should be provided.

2.3   A plan of action has been established based on these findings and includes the updating and relaunch of the NHS CHC public information film and the development of website templates to support Clinical Commissioning Groups to develop and enhance the NHS CHC information available for patients and their families on their websites.

2.4   In addition, a number of projects have been commissioned to establish the types of information or training that different professional groups (social care, nursing, care home and GP staff) require for their role within the NHS CHC process and to identify the best format for this information. These include the commissioning and delivery of a national training programme for local health and social care professionals involved in NHS CHC and the development and publication of a National NHS CHC Competency Framework. The National NHS CHC e-learning system has also been updated and enhanced.

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.

Recommendation Implemented

3.2   The Department published an updated National Framework for NHS Continuing Healthcare and NHS-funded Nursing Care. The revised Framework became operational from 1 October 2018.

3.3   The Department and NHS England launched a joint programme to explore the feasibility of developing a NHS Continuing Healthcare and NHS-funded Nursing Care initial pathway. This initial phase concluded in August 2018. Based on the initial findings, NHS England is now carrying out a second phase of work to further develop the tool and test methodology. The second phase is expected to report findings in Spring 2019.

3.4   The national programme of training has commenced to improve the quality of training for staff carrying out assessments.

3.5   To better understand the nature of variation, NHS England has developed a clustering methodology, which groups together CCGs with similar demographics. A diagnostic tool has been developed to understand and further explore eligibility rates.

> **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: Spring 2019.

4.2   NHS England has an assurance mechanism in in relation to the NHS CHC National Framework.

4.3   To better understand the nature of variation, NHS England has developed a clustering methodology, which groups together CCGs with similar demographics. A diagnostic tool has been developed to understand and further explore eligibility rates.

4.4   NHS England is currently delivering a pilot project to test the feasibility, cost and resource required to run a sustainable national NHS CHC audit for England.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 5 recommendations have been implemented. 1 recommendation remains work in progress, 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 2019.

3.2   The Department advised the Committee in March 2018 that it would write in July 2018 and this was completed. At that stage contracts were in negotiation but had not completed. Contracts have now been reset with all the suppliers, bringing the Electronic Monitoring Programme out of suspension.

3.3   As the Department set out in its response on the plan, it intended to start rolling out location monitoring capability at the end of 2018, and can confirm that this happened to time and is currently in the middle of roll out, with the capability in place nationally by end April this year. The Programme continues to monitor the plan and will keep Treasury and Committee updated as it progresses. The Programme currently remains on track to go live with the full service in summer 2019.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9668), 4 recommendations have been implemented and the Department disagreed with 1 recommendation. 1 recommendation remains work in progress, as set out below.

> **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.

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)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)

Update to the Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (Cm 9668), 2 recommendations have been implemented. 7 recommendations remained work in progress, 4 of which have now been implemented, 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.

Recommendation implemented

1.2   In March 2018, the Secretary of State for Education announced that the Department would develop a Teacher Recruitment and Retention Strategy. Building on extensive quantitative and qualitative evidence, the strategy was developed collaboratively with teachers, head teachers, representative bodies, teachers' unions, initial teacher training (ITT) providers and leading experts. The Department

published its Teacher Recruitment and Retention Strategy on 28 January 2019[14].

1.3   The strategy outlines key areas where focus, investment and reform can have the biggest impact on improving teacher recruitment and retention. The strategy has four main priorities:

Priority One: Create the right climate for leaders to establish supportive school cultures to allow teachers to focus on teaching.
At the heart of this will be reforming the accountability system. In particular, the Department will radically simplify the system, consulting on making 'Requires Improvement' the sole trigger for an offer of support – abolishing floor and coasting standards. The new Ofsted framework will have an active focus on reducing teacher workload, with inspectors considering staff workload as part of the leadership and management judgment. They will also look unfavourably on schools that implement burdensome data practices, and will refuse to look at internal assessment data.

Priority Two: Transform support for early career teachers

The Department has launched the Early Career Framework, which will underpin a fully-funded, two-year package of structured support for all early career teachers linked to the best available research evidence – alongside funded time off-timetable in the second year of teaching and additional support for mentors. The Department will create a major shift in the incentives for new teachers by introducing phased bursaries, with staggered retention payments to encourage good people to remain in the profession, as well as to join.

Priority Three: Build a career offer that remains attractive to teachers as their careers and lives develop

The Department will develop specialist qualifications to support clearer non-leadership career pathways for teachers that want to stay and excel in the classroom. The Department will invest in these new and existing leadership qualifications, and will do so disproportionately in challenging schools. The Department will support headteachers to transform approaches to flexible working in schools.

Priority Four: Makes it easier for great people to become teachers

The Department will radically simplify the process for becoming a teacher, introducing new digital systems designed to make application much easier and more user-friendly. In particular, the Department will introduce a new one-stop application service for ITT, which will be easier to use and designed to better meet the needs of potential trainees. The Department will review the ITT market to support it to work more efficiently and effectively.

1.4   The strategy is the first step in the Department's plan to improve teacher recruitment and retention. The Department will continue to engage closely with the teaching profession to achieve its vision.

> **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.

Recommendation implemented

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[14] https://www.gov.uk/government/publications/teacher-recruitment-and-retention-strategy

3.2   Teaching Vacancies is a free national search and listings service for teaching roles, starting with primary and secondary roles in publicly funded schools.[15] The service aims to reduce the time and money spent by schools on listing and advertising services to fill vacancies.

3.3   Teaching Vacancies is being rolled out nationally (following the successful pilot last year). Over 5,000 schools have already signed up to use the service and all schools will be invited to use the service by the end of March 2019. A marketing campaign is promoting the new service to jobseekers and schools.

> **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.*

3.4   The Government agreed with the Committee's recommendation.

Recommendation implemented

3.5   The Department and Crown Commercial Service have been 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 restricts the use of temporary-to-permanent fees as well as promoting the highest standards of agency behaviour.

3.6   The Agency Teachers Supply framework was launched on 30 August 2018 and the digital service was launched on 14 January 2019 and will be available to all schools to support them to access the framework. As the framework has been live for only six months, it is too early to show the savings that have been generated at this stage.

> **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.*

3.7   The Government agreed with the Committee's recommendation.

Target implementation date: June 2020.

3.8   The Department is committed to promoting flexible working in schools. As part of the Teacher Recruitment and Retention Strategy, the Department has committed to supporting schools to implement flexible working. This includes creating a new high-profile 'find your jobshare' website that will support teachers who are looking for jobshare partners, and launching a competition for Education Technology providers to create innovative solutions to promote and facilitate part-time and flexible working patterns, including timetabling tools. The Department will complement this with wider best practice resources and further research to support implementation of flexible working.

> **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.*

Target implementation date: September 2021.

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[15] https://www.gov.uk/find-teaching-job

4.1   The Government agreed with the Committee's recommendation.

4.2   The Department knows that housing can be an issue for teachers in areas of short supply. In the Teacher Recruitment and Retention Strategy, it set out a plan to explore whether there is demand from teachers for new homes on surplus school land as part of the pilot being run through LocatED. If there is clear and sufficient demand, the Department will look to work with the Ministry of Housing, Communities and Local Government (MHCLG) to explore whether an extension of Permitted Development Rights is needed to speed up such developments.

4.3   Some teachers receive additional benefits from their employers, such as help with childcare, transport season ticket loans and discounted gym membership. In the Teacher Recruitment and Retention Strategy, the Department said it wanted to see these benefits become more widespread, and to see greater innovation in how teachers are supported. The Department will be partnering with schools, MATs, and local authorities in challenging areas, to develop attractive "local offer" packages to increase teacher recruitment and retention locally.

> **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: September 2021.

5.2   The Department continues to take a range of activity to improve teaching quality across the country. This involves both a place-based approach through Opportunity North East and the Opportunity Areas – seven of which are in the North and Midlands – and a national approach, including: the launch of the Early Career Framework (ECF); creating clear career pathways linked to professional qualifications; the Strategic School Improvement Fund (SSIF); and an enhanced Continuing Professional Development (CPD) offer.[16]

5.3   Opportunity North East – launched in October 2018 with a £24 million investment – is a three year programme to improve outcomes for young people in the region. It aims to unlock the potential of 30 secondary schools in this region (benefiting some 25,000 children) by providing targeted support to make sustainable improvements across the full range of the schools' operations, including teaching and learning, use of resources and leadership. Through Opportunity North East, there will also be investment to ensure schools that struggle to recruit, retain and develop great teachers and leaders are supported.

5.4   At the national level, the Department launched the ECF alongside the Teacher Recruitment and Retention Strategy in January 2019. The ECF will underpin an entitlement to a fully-funded, 2-year package of structured support for early career teachers linked to the best available research evidence. This is alongside funded time off-timetable in the second year of teaching and support for mentors. This will be worth at least an additional £130 million in extra funding each year once fully rolled out from September 2021. Designed in close partnership with teachers, headteachers, academics, the Chartered College of Teaching and the Education Endowment Foundation, the ECF underpins what all early career teachers should be entitled to learn about and learn how to do based on expert guidance and the best available research evidence.

5.5   There will be an early roll-out of the ECF from September 2020 in Bradford, Doncaster and Greater Manchester thanks to the £42 million Teacher Development Premium. It will also be rolled out in the North East with a £12 million investment as part of Opportunity North East. The early roll-out will

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[16] The Department's progress on improving CPD is addressed through its response to recommendation 6.

mean delivering a fully-funded, high quality package of support to almost 2,500 early career teachers across hundreds of schools.

5.6   The Department is focused on creating the strongest development and progression opportunities for teachers working in the schools and areas than need them most. The Department is already investing £20 million in scholarships to drive take-up of the reformed leadership National Professional Qualifications (NPQs) in the most challenging areas – doubling its initial intended investment. The Teacher Development Premium will fund take-up of both leadership NPQs and the first specialist NPQs, to complement early roll-out of the ECF in the North East, Bradford, Doncaster and Greater Manchester.

5.7   The Teacher Recruitment and Retention Strategy identifies that there are too few incentives to encourage good teachers to take up the challenge of working in schools with disadvantaged intakes. In response, the Department will create a coherent, recognisable suite of professional qualifications – linked to career pathways – that will provide the potential for strategic investment at each stage of a teacher's career, to create enhanced development and progression opportunities in schools serving disadvantaged communities.[17]

5.8   The Strategic School Improvement Fund (SSIF) was established to further build a school-led system, targeting resources at schools most in need of improvement to: improve school performance and pupil attainment; help them use their resources most effectively, and deliver more good school places. SSIF grants have supported a wide range of sustainable school improvement projects led by Teaching Schools, multi-academy trusts and local authorities. Of the 171 SSIF projects, 89 (52%) are in the Midlands or North of England with a total value of over £34 million. Many of these contain elements of CPD for teachers.

> **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.

Recommendation implemented

6.2   In May 2018, the Department published its response to the Strengthening Qualified Teacher Status (QTS) and Improving Career Progression for Teachers consultation. The Department listened to the calls made by the sector to improve the level of support teachers receive from the earliest stage of their career, and to ensure that all teachers – no matter where they are in their career – have access to high-quality Continuing Professional Development (CPD).

6.3   The Early Career Framework (ECF), launched in January 2019 as part of the Teacher Recruitment and Retention Strategy, underpins the strengthened induction for early career teachers. The ECF sets out what all early career teachers should be entitled to learn about and learn how to do, based on expert guidance and the best available research evidence. As is the case for other professions, areas covered in initial training will be covered in greater depth as part of induction as teachers continue on their journey to becoming experts. As part of these reforms, teachers will have access to a professionally trained mentor, to ensure practice is reflective and they have the opportunity to embed and test what they have learnt.[18] The Education Endowment Foundation (EEF) is funding pilots from September 2019 to consider how to effectively train mentors to support early career teachers, which will be followed by further trialling to support national roll-out.

6.4   The Department has also committed to ensuring that as teachers progress through the profession, they can identify and pursue clear career pathways that meet their interests and expertise. This will continue to include traditional leadership routes; over 10,000 people took a leadership National

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[17] Further detail is provided in the update to recommendation 6.
[18] More detail on the ECF is provided in the Department's update on recommendation 5.

Professional Qualification (NPQ) last year, and the Department will continue to support and improve these qualifications, including – importantly – by updating them to embed a direct link to the content and evidence set out in the ECF.

6.5   The Department also wants to support clearer non-leadership career pathways for teachers that want to stay and excel in the classroom and it will develop new specialist NPQs for these teachers. These NPQs will be in important areas of practice where there are no corresponding professional qualifications at present. The first specialist qualification will be the Teacher Developer NPQ. Tied explicitly to the content of the ECF, this new role will help schools upskill their workforce to deliver the reforms, and recognise good, evidence-based CPD. The Department will introduce the Teacher Developer NPQ from September 2020, to support ECF early roll-out areas, as part of the £42 million Teacher Development Premium. The Premium will also support take up of leadership NPQs in the early roll-out areas.

6.6   The Department wants to ensure there is a clear and coherent CPD offer to the sector and that its standard for teachers' professional development, published in 2016 in partnership with CPD experts, is at the heart of any CPD package. This standard will create a collective understanding of what high quality support and CPD looks like.

6.7   The Department has recently reconvened an expert group to explore options for how to improve awareness of the standard in schools, and have invited them to develop recommendations on how to better immerse the standard into everyday practice and drive up the quality of CPD.

Twenty-First Report of Session 2017-19

Department for Business, Energy and Industrial Strategy

Nuclear Decommissioning Authority's Magnox contract

Introduction from the Committee

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

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

NAO / PAC Reports and Treasury Minutes

- NAO report: *The Nuclear Decommissioning Authority's Magnox Contract* – Session 2017-19 (HC 408)
- PAC report: *The Nuclear Decommissioning Authority's Magnox Contract* - Session 2017-19 (HC 461)
- Treasury Minutes: May 2018 (Cm 9618)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9618), 6 recommendations remained work in progress, and one has been implemented as set out below.

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

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

1.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

1.2   At the time of writing, the independent inquiry into the Magnox contract has yet to publish its full findings and recommendations. However, the Government will provide details to the Committee, by Spring 2019, of the improvements made to advice and guidance for future procurement activity. These improvements are based on recommendations made in the *Magnox Inquiry Interim Report* [19], published in October 2017, which set out some immediate recommendations for the way in which any future NDA

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[19] www.gov.uk/government/publications/magnox-inquiry-interim-findings

procurement should be run. These recommendations were fully accepted by the NDA and included ensuring less complexity in competition rules, making sure that information provided to bidders is as complete as possible, and to fully test competition rules before they go live.

1.3   Once the findings of the *Magnox Inquiry Final Report* have been published, the NDA and wider Government will ensure that future procurement methodology is improved further and advice is updated, to ensure the mistakes made in awarding the Magnox procurement failure are not repeated. Progress on changes to advice and guidance by the NDA and the Department will be included as part of the planned report on implementation of the findings of the independent Magnox Inquiry.

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

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

2.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2   The NDA wrote to the Committee on 9 July 2018. Following an independent investigation, the NDA confirmed that it was not considered to have overpaid its previous contractor for work that had not been performed and thus, there were no monies to recover.

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

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

3.1   The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2019.

3.2   As noted above, the independent inquiry into the Magnox Contract has yet to publish its findings as of the time of writing. To be able to account for the recommendations within it, the target implementation date for this recommendation has been amended to Autumn 2019, in anticipation of publication of the report in Spring 2019. This will be reviewed in line with the actual publication date.

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

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

4.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

4.2   The NDA will now report to the Committee in March 2019, to inform them of the progress that has

been made to increase the skill level and expertise of the NDA executive team and operational staff.

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

4.4   Magnox sites will be decommissioned in a different way, with the NDA directly owning the Magnox subsidiary and without a single overarching contract with a single contractor. The Magnox subsidiary's management will be strengthened and have better aligned incentives. In particular, the process of resolving differences between planned decommissioning and what is actually found on the ground will be simplified with the removal of a complex contractual interface.

4.5   In addition to appointing a non-executive UKGI member to the board, which has strengthened governance and performance oversight, independent advisers with relevant skills have been recruited onto NDA Board Committees. Additional work to strengthen the NDA Board is ongoing and updates will be provided to the committee.

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

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

5.1   The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2019.

5.2   The Department wrote to the Committee in August 2018, setting out the actions it has taken thus far to review and strengthen the oversight of the NDA by the Department. Further recommendations are expected to be identified in the *Magnox Inquiry Final Report*. As this report has not yet been published, the target implementation date for this recommendation by the Committee has been amended.

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

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

6.1   The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2019.

6.2   The NDA and the Department will fully embed any new learning and recommendations from the Magnox Inquiry Final Report and the Committee's report into the Department and NDA's wider improvement programme. The Department and the NDA will submit a report to the Committee, detailing the progress they have made on implementing the recommendations from the Magnox Inquiry Final Report within six months of its publication. As the report has not yet been published, the target implementation date has been amended.

Twenty-Second Report of Session 2017-19

Department for Education

Monitoring, inspection and funding of Learndirect Ltd.

Introduction from the Committee

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

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

NAO / PAC Reports and Treasury Minutes

- NAO report*: Investigation into the monitoring, inspection and funding of Learndirect Ltd* – Session 2017-19 (HC 646)
- PAC report: *The monitoring, inspection and funding of Learndirect Ltd* – Session 2017-19 (HC 875)
- Treasury Minutes: May 2018 (Cm 9618)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9618), 2 recommendations have been implemented. 3 recommendations remained work in progress, as set out below.

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

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

1.1   The Government agreed with the Committee's recommendation.

Target implementation date: April 2020.

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

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

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

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

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

2.1   The Government agreed with the Committee's recommendation

Target implementation date: September 2019.

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

2.3   The Cabinet Office is working with central Government Departments to improve capability in the management of critical and strategic suppliers. It has developed, with Departments and a number of industry experts, a best practice guide and toolkit for departmental Strategic Supplier Relationship Management (SSRM). The Cabinet Office recognises the need to develop a comprehensive risk framework for large and essential suppliers and in its letter[20] to the Committee of 21 December explained the framework that was in place and the steps being taken to bolster it.

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

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

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[20] https://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/211218-Cabinet%20Office-The%20Monitoring,%20inspection%20andfunding%20of%20Learndirect%20Ltd%20.pdf

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

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

3.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019

3.2   ESFA has worked with providers, both direct contract holders and subcontractors, to provide additional clarity on the services that may be offered to subcontractors and the corresponding fees that it is reasonable for providers to retain. *A draft Statement of Expectations* has been produced, and both it and updated Funding Rules will be published in advance of the 2019 to 2020 funding year. Providers will be contractually required to comply with these new Rules, which will enhance extensive subcontracting controls already in place, and ESFA will continue to monitor compliance through existing audit and assurance arrangements. These changes will require providers to provide full transparency about the services they carry out when subcontracting, and the associated costs of each service they provide.

Twenty-Third Report of Session 2017-19

Department for Education

Alternative higher education providers

Introduction from the Committee

In 2017 there were 112 institutions termed 'alternative providers' offering higher education. These institutions do not receive government grants directly, but do access public funding through student loans which are used to pay their fees. In the 2015–16 academic year, around 34,000 students attending alternative providers received student loans, and Government paid out £417 million in tuition fee loans, maintenance loans and grants to alternative providers and their students. In 2016, the Department for Education assumed responsibility for oversight of publicly-funded higher education, taking over from the former Department for Business, Innovation and Skills. From April 2018,[21] a new Office for Students will be responsible for regulating all English higher education institutions, including alternative higher education providers. The previous Committee reported on weaknesses in BIS's oversight of alternative providers in 2015. This report follows up on the progress made by the Department to address those concerns.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Follow-up on alternative higher education providers* – Session 2017-19 (HC 411)
- PAC report: *Alternative higher education providers* – Session 2017-19 (HC 736)
- Treasury Minutes: May 2018 (Cm 9618)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9618), 4 recommendations have been implemented. 1 recommendation remained work in progress and is now implemented as set out below.

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

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

3.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2   The Student Loans Company (SLC), working with the Department for Education and Office for Students (OfS), has made good progress with improvements to data collection and usage in order to monitor provider performance and avoid further ineligible payments.

3.3   SLC has progressed with reviewing standards of timeliness and accuracy for data provided by HE providers, with roll-out of revised standards for data timeliness for Academic Year 2018-19 completed in September 2018 and a plan in place for roll-out of revised standards and reporting systems for data accuracy to be implemented by September 2019. SLC is also identifying improvements in the range of data collected through student application systems which will provide more detailed records of decisions on ineligible students. SLC and OfS have worked closely together on improvements to sharing and usage

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

of data, including completing and signing a Collaboration Agreement for the Academic Year 2018-19. This incorporates a Data Sharing Agreement for an enhanced comprehensive set of data, and data flows are now provided routinely between the two organisations.

3.4   SLC has worked with the Higher Education Statistics Agency (HESA), UCAS and other organisations to assess opportunities for improving its data systems and implement improvements. For example, working with HESA, SLC has aligned its data processes for reporting of student attendance, registrations and withdrawals with HESA systems, improving efficiency and effectiveness. SLC is now a member of HESA's Data Landscape Steering Group and Advisory Board and HESA has joined SLC's Stakeholder Forum.

Twenty-Fourth Report of Session 2017-19

Department of Health and Social Care

Care Quality Commission: regulating health and social care

Introduction from the Committee

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

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

NAO / PAC Reports and Treasury Minutes

- NAO report: *Care Quality Commission regulating health and social care* - Session 2017-19 (HC 409)
- PAC report: *Care Quality Commission: regulating health and social care*– Session 2017-19 (HC 465)
- Treasury Minutes: May 2018 (Cm 9618)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9618), 1 recommendation has been implemented. 5 recommendations remained work in progress, as set out below.

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

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

2.1   The Government agreed with the Committee's recommendation.

Target implementation date: April 2019.

2.2   The CQC will write to the committee regarding this in April 2019.

2.3   The CQC have made significant progress on timeliness of their reports through an on-going quality improvement programme. Publication timeliness for Hospitals continues to show a vast improvement, with performance for inspections with two core services or less improving from 32% in May to 67% for November. At larger services, i.e. those looking at three or more core services performance has improved from 44% in April through to 75% in October. Year to date (December 2018), 54% of all reports have been published within their respective timescales. The CQC prioritise responding to risk based inspections over routine inspection, and as an organisation are making make more use of unannounced inspections focused on the areas where their insight suggests risk is greatest.

2.4   Post inspection letters have been reintroduced for hospitals inspections and have been implemented from January 2019. The CQC encourage and expect trust Boards to discuss the findings of their inspection at their next public board meeting. While the CQC cannot force trusts to publish their post-inspection letters, in cases where their final report is not available, the CQC would expect trusts to use the post inspection feedback letter to facilitate these discussions at their next public board meeting.

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

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

3.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

3.2   The CQC have set out a strategy to introduce a more targeted and proportionate approach to the regulation of general practice. This will include a maximum five-year interval for the inspection of good and outstanding practices, using intelligence in a more proactive way to identify potential change in the quality of care and target their inspection activity accordingly. This will allow the CQC to target their resource more appropriately and reduce the burden on those already performing well.

3.3   In April 2019 the CQC will be implementing a new streamlined approach to collecting information from practices that have been rated good or outstanding. This approach has been welcomed by the profession and has received a positive response from those practices they have tested it with. Using this, and other intelligence, will help the CQC to prioritise inspections of good and outstanding practices and focus on those areas where change has occurred thereby reducing the time taken up by inspection. The CQC will, as a minimum, focus on the key questions that relate to effectiveness and leadership/governance to include other areas should intelligence indicate there has been a significant change since the last review.

3.4   In December 2018, the CQC introduced a shorter inspection report which focuses on a summary of key findings with a supporting table of the evidence which backs up the judgement or rating. This will reduce the time practices have to spend on reviewing their draft reports for factual accuracy and the time taken to process these comments and publish the final report. It will also provide the public with a simple summary of the performance of the practice and the rating. During the CQC's testing of the draft report it received overwhelming support from the profession, public and inspectors.

3.5   The CQC have committed to ensuring their approach to registration is appropriately risk-based. A set of risk-based registration criteria have been developed and tested. A significant proportion of applications from PMS providers will be categorised as low-risk as they relate to simple processes such as adding or removing partners. The CQC have also streamlined the registration process and testing has demonstrated a reduction in the time taken to process the change from a week to days.

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

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

4.1   The Government agreed with the Committees recommendation.

Target Implementation date: April 2019

4.2   The CQC will write to the Committee in April 2019.

4.3   Since the evidence session in December 2017, the CQC have undertaken further stress testing of assumptions as part of their business planning and modelling for 2018-19 and undertook a further exercise to stress test plans for 2019-20 in January 2019. In support of their planning the CQC have developed a detailed capacity forecasting tool that uses activity data to test its commitments and resources. This will also be used to understand and support decision making about how the CQC prioritise resources to respond to specific risks if needed.

4.4   The CQC have already commenced pilot projects exploring how they efficiently use resources to meet risk in local areas and teams and will build on the evidence of what works. priorities for delivery and investment for 2019-20 are currently being drafted and the CQC considered the impact of these on their inspection programme in January 2019.

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

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

5.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

5.2   The CQC have been developing a range of digital tools and products to help them collect, process, analyse and use information more efficiently. As they refine the data and information they have available to them, CQC continue to refine their risk model. How and when the CQC inspect needs to be in response to the risks that it sees. The CQC have recently reviewed their programme for digital development to ensure that they are focusing on making improvements to existing systems and investing in new equipment and software; and putting in place the infrastructure on which their new digital services will sit. The CQC will be making the new Chief Digital Officer post an Executive Team role.

5.3   Whilst the CQC have examples of progress on digital transformation, some of their digital solutions for providers are taking longer than they had originally predicted. However, the CQC feel it is important to work with each sector and get the solutions right first time, rather than rush something unsuitable out. Throughout September, the CQC undertook a thorough review of the ASC Provider Information Return (PIR) project. The review revealed that there is more work to do to ensure the system delivers the benefits desired. The CQC have hired a Programme Director to take this and other intelligence and information based work, forward at pace.

5.4   The CQC are not ready to roll out the online GP Provider Information Collection from April 2019 and are putting in place an interim approach that will allow them to move closer to its objective of the information collection. Longer term, the CQC continue to work towards a digitally-based system, which will be introduced once the end to end process is right.

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

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

6.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

6.2   The CQC have made updates to NHS Trust and Mental Health handbooks for providers and inspectors reflecting tools and guidance to support engagement with the public and providers. The Independent healthcare inspector's handbook and provider handbook, were also updated earlier this year to bring them more into line with Trust revisions. The revised PMS handbook is under development and will be ready by Spring 2019.

6.3   In December 2018, the CQC introduced updated whistleblowing policies and procedures to make sure they are in line with best practice.

6.4   Within the CQC's Monitor Programme, there are two pieces of work which aim to strengthen use of information collection. One will improve the way they track the impact of information received by the CQC; and the other is to develop a mechanism for feedback from people who raise concerns. These are being scoped in line with the overall way in which the CQC are looking at effective use of data. In 2018, there was a total Number of 8,698 Qualified Whistleblowing Enquiries, and 584 of these either triggered a responsive review or bought forward a review that was planned. Additionally, in 1,917 of the cases, the enquiry was referred to another body (the CQC are not always the right organisation to take forward an enquiry).

Twenty-Fifth Report of Session 2017-19

Department Business, Energy and Industrial Strategy / UK Government Investments

The sale of the Green Investment Bank

Introduction from the Committee

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

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

NAO / PAC Reports and Treasury Minutes

- NAO report: *The Green Investment Bank* - Session 2017-19 (HC 619)
- PAC report: *The sale of the Green Investment Bank* – Session 2017-19 (HC 468)
- Treasury Minutes: May 2018 (Cm 9618)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9618), 4 recommendations have been implemented and the Department disagreed with 1 recommendation. 1 recommendation remained work in progress, as set out below.

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

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

5.1   The Government agreed with the Committee's recommendation.

Target implementation date: 31 December 2020.

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

Twenty Sixth Report of Session 2017-19

Ministry of Housing, Communities and Local Government

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

Introduction from the Committee

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

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

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

NAO / PAC Reports and Treasury Minutes

- NAO report: *Investigation into the governance of Greater Cambridge Greater Peterborough Local Enterprise Partnership* – Session 2017-2019 (HC410)
- PAC report: *Governance and departmental oversight of Greater Cambridge Greater Peterborough Local Enterprise Partnership* – Session 2017-19 (HC 896)
- Treasury Minutes: May 2018 (Cm 9618)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9618), 5 recommendations remained work in progress, four of which are now implemented, as set out below.

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

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

1.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019

1.2   The Government accepted in full the findings of the _Non-Executive Director Review into Local Enterprise Partnership (LEP) governance and transparency_ (the Mary Ney Review) and responded immediately to the Mary Ney recommendations with the majority of the recommendations being addressed directly in the _LEP Governance and Transparency Best Practice Guidance_, published in January 2018, and the Department's Ministerial Review into LEPs, _Strengthened LEPs_, published in July 2018.

1.3   Further to that, the revised _National Local Growth Assurance Framework_, published in January 2019, which replaced the _LEP National Assurance Framework_, published in 2016, incorporated all but one of the Mary Ney review recommendations into the Department's Assurance Framework. The Department included information on its options for intervention in LEPs as part of this Framework. LEPs are required to be compliant with this Framework ahead of the 2019-20 financial year.

1.4   The remaining Mary Ney review recommendation requires Government to _'give some thought to what flexibility might be available to smooth funding allocations to LEPs over a longer period'_. The Government has considered different ways to fund LEPs to offer LEPs certainty to help them plan for the future. The Government confirmed to LEPs the availability of core funding for two financial years (2018-19 and 2019-20), providing greater certainty over the longer term. The Government will continue to review the most appropriate way to fund LEPs in future.

1.5   In addition, the Government recognises the importance of ensuring that every person involved in a LEP is aware of good governance and transparency best practice. In _Strengthened LEPs_, the Government committed to offer an induction and training programme for LEP Board Members and Officers on working with Government. The Department is working with the LEP Network to develop this programme, alongside other stakeholders, to have a training programme in place by Spring 2019.

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

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

2.1   The Government agreed with the Committee's recommendations.

Recommendation implemented

2.2   The Department wrote to the Committee in June 2018 with an update on the implementation of the MaryNey Review recommendations, an update on the key findings and results of the Department's assurance process including Annual Conversations, spot checks and deep dives and details of the guidance given to LEPs on corporate governance and transparency. A copy of this correspondence can be accessed via this _link_.

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

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

3.1   The Government agreed with the Committee's recommendations.

Recommendation implemented

3.2   The Department wrote to the Committee in June 2018 with an update on the implementation of the Mary Ney Review recommendations, an update on the key findings and results of the Department's

assurance process including Annual Conversations, spot checks and deep dives and details of the guidance given to LEPs on corporate governance and transparency. A copy of this correspondence can be accessed via this *link.*

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

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

4.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

4.2   In *Strengthened LEPs,* the Department provided a clear policy statement on the role of LEPs and their relationship with Mayoral Combined Authorities. Government committed to support all LEPs to collaborate across boundaries where interests are aligned when developing strategies and interventions to maximise their impact across their different objectives.

4.3   Government has asked LEP Chairs and other local stakeholders to come forward with considered proposals on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers.

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

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

5.1   The Government agrees with the Committee's recommendation.

Recommendation implemented

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

5.3   In the revised National Local Growth Assurance Framework, the Government has provided information on its intervention process. The intervention approach for LEPs sits alongside the overall LEP assurance system which has been developed to ensure that LEPs have the necessary systems and processes in place to manage Government money effectively. Within the Cities and Local Growth Unit, officials monitor LEPs through the assurance system and through frequent local engagement. Where the Government has concerns, it will proceed to use a spectrum of intervention options. The interventions used will depend on the specific circumstances related to the non-compliance or under-performance identified. In all cases, timely communication with the LEP will be key to ensure all parties are aware of the action taken and the steps required. The spectrum of intervention options include, but are not limited to: central Government (official) engagement; agreement of a formal action plan; improvement partners; risk-based deep dives; withholding or withdrawing funding and an expression of loss of confidence. The Government continues to encourage LEPs to share and support best practice.

Twenty-Seventh Report of Session 2017-19

Ministry of Justice

Government contracts for community rehabilitation companies

Introduction from the Committee

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

NAO and PAC Reports

- NAO report: *Investigation into changes to Community Rehabilitation Company contracts - Session 2017-19 (HC 676)*
- PAC report: *Government contracts for Community Rehabilitation Companies – Session 2017-19 (HC 897)*
- Treasury Minutes: May 2018 (Cm 9618)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9618), 1 recommendation has been implemented. 5 recommendations remained work in progress, four of which are now implemented as set out below.

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

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

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 In July 2018, the Government announced its intention to terminate existing CRC contracts in 2020 and put in place new arrangements for the delivery of probation services that will better integrate public, private and third sector providers and drive improvement.

1.3 The Government also announced variations to current contracts to secure short term operational stability and performance improvements in key areas. This included investing an additional £22 million a year to enable providers to deliver an enhanced level of Through the Gate (TTG) support, a new requirement to offer a minimum of monthly face-to-face contact with offenders, and offering to amend the 2011 baseline for the frequency of reoffending measure to ensure CRCs are held to account for their performance since they took control of services, not for trends prior to this. The Department agreed to vary contracts with 20 of 21 CRCs to measure against a 2015-16 baseline.

1.4 The new specifications for TTG and minimum contact came into effect on 1 October 2018, with full implementation expected by 31 March 2019. The Department's Contract Management team has been

working with the CRCs on their plans to introduce the new specification and is building contract management assurance processes to ensure delivery against these new obligations, including impact on the service, can be monitored going forward.

1.5   As part of standard good contract management practice the Department continues to robustly monitor the performance and stability of all providers. The Department has detailed contingency plans in place for all contracts, which are regularly tested and reviewed. In February 2019, the Department successfully enacted contingency plans in the South West and Wales to ensure that probation delivery continued, as Working Links (Employment) Limited and its three CRCs – Wales CRC; Bristol, Gloucestershire, Somerset and Wiltshire CRC; and Dorset, Devon and Cornwall CRC – went into Administration. On 15 February 2019, the Department agreed the transfer of staff and services to Kent, Surrey and Sussex CRC, owned by Seetec. There are now therefore 18 CRCs delivering probation services across 21 contract package areas.

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

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

2.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2   The Government is determined to ensure that the new arrangements put in place after 2020 reflect lessons learnt from Transforming Rehabilitation. This is why the Government announced in July 2018 a public consultation on proposals for the future of probation. The consultation, 'Strengthening probation, building confidence'[22], ran from 27 July to 21 September 2018 and sought stakeholders' views on improvements to the content and structure of services, including on many issues raised by the Justice Select Committee's inquiry into 'Transforming Rehabilitation'. 476 responses were received from a wide range of groups including current and prospective providers, probation staff, sentencers, service users and local authorities. This was accompanied by an extensive programme of stakeholder and market engagement events to collect feedback, involving approximately 1,100 attendees.

2.3   The feedback collected is informing the Department's design decisions on the future model of service delivery. The Department is currently continuing to engage with key stakeholders as plans are refined, including with providers, HM Inspectorate of Probation and Police and Crime Commissioners. As with any Government programme, the reforms proposed will be subject to rigorous evaluation and testing by the Department, including comparison against alternative models for delivery. Detailed arrangements to replace existing probation contracts will be announced later this year alongside a full response to the consultation.

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

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

3.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019

3.2   The Department recognises that the expertise and commitment of voluntary sector organisations

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[22] Ministry of Justice, 'Strengthening probation, building confidence,' (Ministry of Justice, July 2018).

is vital in helping offenders turn their lives around. The Department is focusing on encouraging greater involvement of the voluntary sector in the provision of future probation services and has considered feedback from the consultation, Clinks' Track TR[23] report on the role of the voluntary sector in probation services and HMIP's thematic report on the supply chain[24]. For this reason, the Department does not intend to publish a gap analysis for current CRC contracts.

3.3   The Department plans to remove unnecessary barriers to entry and aim to better enable voluntary sector organisations to provide probation services.

3.4   The Department aims to develop requirements which encourage voluntary sector involvement. The Department intends to test bidders' past experience of supply chain management and proposed approach, review supply chain partnerships, contractualise commitments to deliver services with sub-contracted organisations, and ensure greater transparency of the supply chain in contract management. The Department is reviewing the approach to Parent Company Guarantees, Market Stewardship, and commissioning mechanisms. The Department is also considering the ways in which the proposed HMPPS regional leader can foster closer links between providers and voluntary sector organisations and encourage providers to develop their supply chains.

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

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

4.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2   The Strategic Partner Gateway, which allows providers to link their ICT systems to the HMPPS case management system for probation, National Delius, is operational.

4.3   As of 20 February 2019, nine CRCs are implementing their own solutions that are linked to the HMPPS case management system for probation, National Delius, via the Strategic Partner Gateway. One CRC has completed its user rollout and is fully live. A second CRC is live and has commenced rollout to its users, and one more is due to be operational with all of its users in March. A further six CRCs seeking to use their own systems are connected to the Strategic Partner Gateway and have completed the majority of the testing required but are not yet in a position to work with live data and begin the roll out of their solution to their staff. Of these, five are currently expected to complete technical testing and to have started roll out by March 2019. The 12 remaining CRCs are operating with HMPPS systems and are not planning to move to their own solution.

4.4   The additional time required for parent organisations and their CRCs to move onto their own systems is principally due to their decision to undertake further testing assurance prior to going live.

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

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

6.1   The Government agreed with the Committee's recommendation.

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[23] Clinks, 'Under represented, Under pressure, Under resourced. The voluntary sector in Transforming Rehabilitation.' Track TR report. (Clinks, April 2018).
[24] HM Inspectorate of Probation, 'Probation Supply Chains. A thematic inspection by HM Inspectorate of Probation.' (HMIP, April 2018).

Recommendation implemented

6.2   The Department originally expected to spend up to £3.7 billion in total on CRC contracts that ran until 2022. With early termination in 2020, it is now forecast that the total spend will be approximately £2.3 billion based on October figures.

6.3   The Department has negotiated a package of changes to CRC contracts as set out in the public consultation document 'Strengthening probation, building confidence'[25]. These changes, which are expected to improve CRCs' financial positions by approximately £170 million, are important to deliver operational stability and performance improvements in key areas such as Through the Gate resettlement support. They also include the requirement for all providers to introduce a minimum of monthly face-to-face meetings with offenders during the first 12 months of supervision, to ensure the effective delivery of the sentence of the court and protection of the public.

6.4   In relation to the £9 million in recoverable fee-for-service payments identified by the Department, this was revised to £3.1 million as a result of the implementation of 2017 changes to CRC contracts intended to more accurately reflect providers' fixed costs. This has been fully recouped by the Department.

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[25] Ministry of Justice, 'Strengthening probation, building confidence,' (Ministry of Justice, July 2018.)

Twenty-Eighth Report of Session 2017-19

Ministry of Defence

Ministry of Defence: acquisition and support of defence equipment

Introduction from the Committee

Non-competitive procurement of defence equipment

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

Support arrangements and cannibalisation of navy equipment

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

Contingent liabilities

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

NAO / PAC Reports and Treasury Minutes

- NAO report: *Improving value for money in non-competitive procurement of defence equipment -* Session 2017-19 (HC 412)
- NAO report: *Investigation into equipment cannibalisation in the Royal Navy* – Session 2017-19 (HC 525)
- PAC report: *Ministry of Defence: acquisition and support of defence equipment* Session 2017-19 (HC 724)
- Treasury Minutes: May 2018 (Cm 9618)

Update to the Government response to the Committee

There were 12 recommendations in this report. As of the last Treasury Minute (Cm 9618), 5 recommendations have been implemented and the Department disagreed with 2 recommendations. 5 recommendations remained work in progress, as set out below.

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

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

1.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

1.2   The Department plans to publish the strategy for Maximising Competition in Defence Procurement
in 2019, on completion of the acquisition review elements of the Modernising Defence Programme[26].

1.3   An update to the committee was being prepared in September 2018 when related work was underway through the Modernising Defence Programme. In particular, this included strands on the `Military Industrial Complex', and a review of policy relating to use of competition. In light of this work, it was not sensible to proceed with a response to the committee until these work streams had concluded

1.4   A key work stream of the Modernising Defence programme has been focussing on improving the Department's commercial and industrial approach. This work comprises of a number of related strands of activity:

- Development of world class commercial leadership and capability.
- A step change in the relationship with industry and our strategic supplies.
- Delivering UK prosperity and maximising opportunities for UK Defence Industry.
- Reviewing the acquisition system to transform the end to end system.

 1.5   The Department's ambition is to speed up procurement, enable greater innovation and simplify approaches may require changes to some of our core policies. An underpinning policy review is therefore also being taken forward in parallel with the Acquisition Review.

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

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

2.1   The Government agrees the Committee's recommendation.

Target implementation date: March 2020.

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

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

2.3   The Government disagrees the Committee's recommendation.

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

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

2.5   The Government agrees the Committee's recommendation.

Target implementation date: March 2020.

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

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

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

3.1   The Government agreed with the Committee's recommendation.

Recommendation not implemented.

3.2   The Department have consciously adjusted the approach to delivering challenging efficiency targets in the Defence Equipment Plan. The Department has pooled all DE&S efficiency targets relating to the Equipment Plan, to maximize delivery. This has drastically improved buy-in and focus, the benefits of which have far outweighed the reduced ability to allocate efficiency savings specifically to the application of the Single Source Contract Regulations.

3.3   The delivery agencies have implemented robust processes to drive and monitor delivery of this pooled target. Based on current plans, they forecast to deliver £9.5 billion of efficiency savings over the next 10 years (representing 71% delivery against a £13.4 billion target), and the Department has identified further opportunities to deliver the remainder.

3.4   The Department wrote to the Committee on 30 November 2018[27] following a review of the implementation of the Single Source Contract Regulations. The review re-iterated that the increased transparency and accountability provided by applying the Single Source Contract Regulations had delivered significant benefits – including financial savings. However, it has also demonstrated the extreme difficulty in accurately separating these financial savings and benefits from those delivered through other commercial and contractual levers.

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

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

4.1   The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2   The legislation, enacted in 2014, includes a requirement to provide the SSRO and the Department with appropriate, reliable data, and contractual information relevant to the SSRO's statutory

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[27] Letter from Ministry of Defence regarding single source contract regulations - 29.11.2018 - Published 04 December 2018

functions. The Secretary of State for Defence has recently completed a review of the legislation, as required by the Defence Reform Act 2014. The review included consideration of the powers of the SSRO. The results of this review, including matters relating to strengthening SSRO powers will be announced shortly by the Secretary of State.

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

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

5.1   The Government agrees with the Committee's recommendation.

Recommendation implemented.

5.2   The Government's vision for a post-Brexit, Global Britain was set out in the PM's Mansion House speech.[28] The Department is committed to exploring how the UK and European defence and security industries can continue to work together to deliver the capabilities needed to counter shared threats and promote mutual prosperity. The UK is seeking the best possible deal for UK industry, which facilitates European collaboration; the UK wants to agree future relationships with the European Defence Agency (EDA) and European Defence Fund (EDF) [29], so that European capabilities can continue to be developed with the participation of the UK's research and industrial expertise and facilities.

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

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

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

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

6.1   The Government agrees the Committee's recommendation.

Recommendation implemented.

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

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[28] https://www.gov.uk/government/speeches/pm-speech-on-our-future-economic-partnership-with-the-european-union

[29] https://www.gov.uk/government/speeches/pm-speech-at-munich-security-conference-17-february-2018

6.3   The Queen Elizabeth Class (QEC) Aircraft Carriers are a distinctly separate programme to the Type 45, with different support solutions, and engagement will continue between the QEC programme and the Type 26 programme to take forward lessons learned and adopt best practice. The Type 26 and Type 31e Frigate programmes are at an early stage, and the Department is, therefore, unable to provide an assessment of the cost envelope and associated funding. The Type 26 support costings are currently under development and will be subject to Departmental approval in due course.

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

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

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

7.1   The Government agrees the Committee's recommendation.

Recommendation implemented.

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

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

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

8.1   The Government disagrees the Committee's recommendation.

8.2   The Department has been analysing the case for setting individual platform targets and have concluded that the decision for each incident of cannibalisation must stand on its own merits. Navy Command has put in place a robust monitoring system which is now tracking the occurrences of cannibalisation and, importantly, allowing for trends to be identified and addressed. Navy Command remains committed to delivering operational availability in the most efficient and economical way and, as explained in to the Committee[30], cannibalisation contributes to their ability to do this.

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

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

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[30] http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-accounts-committee/reuse-ofcomponents-in-the-royal-navy/oral/76698.html

9.1   The Government agrees the Committee's recommendation.

Recommendation implemented.

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

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

9.4   As the Permanent Secretary confirmed in his letter to the Committee of 22 January 2018[31], the Department will look at the Army and Royal Air Force data to ensure that, where applicable to those Services, the lessons learned from this investigation into cannibalisation in the Royal Navy are applied. The Department is ensuring that the same level of rigour is applied to cannibalisation across all Front-Line Commands.

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

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

10.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

10.2   The contingent liabilities identified as part of the wider departmental review were reported to Treasury and Parliament before the summer recess. It is expected that all current cases will follow the correct approval route.

10.3   Director General Finance has written to Top Level Budget Holders, Finance Directors and Senior Commercial Directors outlining the expectation that appropriate action is to be taken where individuals fail to correctly follow approval processes. The letter reinforces the Finance Director responsibility to ensure clear and transparent financial approval processes are in place within their Top Level Budget. The Department has delivered training to 1300 staff to ensure that contingent liabilities are identified and appropriately approved.

10.4   The Department continues to take this matter seriously and will continue to make improvements as part of business as usual activity. A review of unquantified contingent liabilities is being undertaken to ensure that, where possible, contingent liabilities are valued. Training on contingent liabilities will continue to be provided to ensure staff awareness of this issue is maintained.

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[31]   https://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/mod-Non-Competitive-Procurement-Cannibalisation-220118.pdf

Twenty-Ninth Report of Session 2017-19

Department of Health and Social Care

Sustainability and transformation in the NHS

Introduction from the Committee

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

In 2016–17, NHS England, clinical commissioning groups and NHS trusts and NHS foundation trusts reported a combined surplus of £111 million against their income, a significant improvement compared to the combined deficit of £1,848 million they reported in 2015–16. This improvement was the direct result of the Department's £1.8 billion Sustainability and Transformation Fund, paid by NHS Improvement[32] to trusts for meeting financial and performance targets. Without this Fund, the combined financial position of the NHS would have been only slightly better than in 2015–16. As well as balancing its books each year, the NHS needs to invest in new ways of working that can better serve the changing needs of patients and increasing demand for services. To facilitate a more long-term approach to achieving sustainability, local partnerships of commissioners, trusts and local authorities have been set up to develop long-term strategic plans and transform the way services are provided more quickly.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Sustainability and transformation in the NHS – Session 2017-19* (HC 719)
- PAC report: *Sustainability and transformation in the NHS – Session 2017-19* (HC 793)
- Treasury Minutes: May 2018 (Cm 9618)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9618), the Department disagreed with 1 recommendation. 7 recommendations remained work in progress, all of which are now implemented, as set out below

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

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

1.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

1.2   In June 2018, the Prime Minister confirmed the Government's intention to work with the NHS to develop a ten-year plan for sustainability for the health service, underpinned by a five-year funding offer.

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

The Government has now agreed the *NHS Long Term Plan*[33]. Alongside this, Government has confirmed its final cash settlement for the NHS, which will see the NHS budget grow by £33.9 billion in cash terms (the equivalent of £20.5 billion in real terms) by 2023-24, compared with 2018-19. The plan, which the NHS has confirmed is fully costed, addresses the financial tests set by the Government and will ensure best use is made of this new funding.

1.3   The five-year funding provides certainty for the NHS over the medium term and should enable the NHS to continue to deliver world-class care.

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

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

2.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

2.2   The *NHS Long Term Plan* sets out a vital strategic framework to ensure that over the next ten years the NHS will have the staff it needs so that nurses and doctors have the time they need to care, working in a supportive culture that allows them to provide the expert compassionate care they are committed to providing. The Secretary of State for Health and Social Care has commissioned Baroness Dido Harding, Chair of NHS Improvement, working closely with Sir David Behan, Chair of Health Education England, to oversee the delivery of a workforce implementation plan. This will include proposals to grow the workforce, consideration of additional staff and skills required, building a supportive working culture in the NHS and how to ensure first rate leadership for NHS staff.

2.3   To meet the healthcare sector's current and future need for nurses, doctors and midwives, the Department made additional clinical placement funding available to enable nurse degree training places to be increased by 25% from 2018 and to enable 3,000 additional midwifery training places to be provided over four years from September 2019. Through Health Education England, the Department has committed to training up to a further 5,000 Nursing Associates in 2018 (which has been achieved) and a further 7,500 in 2019. The Department also has started to roll out an extra 1,500 medical school places for domestic students, with the first 630 places taken up in September 2018. By 2020, five new medical schools will have opened to help deliver the expansion.

2.4   The Government made a commitment to have 5,000 additional doctors in general practice. NHS England, NHS Improvement and HEE are working together with the GP profession on measures to boost recruitment; address the reasons why GPs are leaving the profession; and how to encourage GPs to return to practice.

2.5   Workforce productivity will be increased through more efficient use of technology to free up clinician time and intelligent deployment of staff with e-rostering. The final report of the Topol Review[34], which looks at preparing the healthcare workforce, through education and training, to deliver the digital future, was published in February 2019.

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

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[33] https://www.longtermplan.nhs.uk/
[34] https://topol.hee.nhs.uk/

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

3.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

3.2   The *NHS Long Term Plan* includes an objective to reduce the aggregate provider deficit each year and to return the provider sector to balance in 2020-21. It also includes an objective to reduce year-on-year the number of trusts individually in deficit so that all NHS providers are in balance by 2023-24. The achievement of both objectives will be supported by changes to payment arrangements and allocations to take better account of the costs of delivering efficient services locally.

3.3   2019-20 will be a transitional year during which the provider sector will build towards returning to balance in 2020-21 by:

- taking steps to reduce the difference between national costs and prices, including a £1 billion transfer from the Provider Sustainability Fund;
- rebasing control totals for all providers;
- creating a new £1.05 billion Financial Recovery Fund to support the sustainability of essential NHS services;
- working with the Department of Health and Social Care to reform the capital and cash regime; and,
- setting stretching, but achievable, tariff efficiency requirements of 1.1%.

All trusts with a deficit control total will be expected to deliver additional efficiency of 0.5% which will be retained by the trust to support financial recovery.

3.4   NHS Improvement will deploy an accelerated turnaround process in the 30 worst financially performing trusts that, between them, account for all the net total of the trust provider deficit.

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

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

5.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

5.2   The accountability model for Integrated Care Systems was co-designed with the first cohort of systems during 2017-18, with proposals for system-led performance oversight and financial management published in the 2018-19 planning guidance. Central to this are development of 'system control totals' in return for greater financial flexibility between organisations in a system, devolved transformation funding and new relationships with regulators. Joint work across NHS England and NHS Improvement, working to a single Regional Director, is a key enabler of this.

5.3   Each system has also been required to provide evidence about how decisions will be made, and who is accountable for delivering value for money from transformation expenditure, to access devolved transformation funding. Preparatory planning guidance covering system planning, the financial settlement, operational plan requirements for primary care, workforce, data and technology was issued to the system on 21 December 2018 with further guidance published in January 2019.

5.4   Integrated care systems do not alter existing lines of statutory accountability for commissioners and providers. However, they are vehicles for collective leadership between NHS organisations and local government, as well as for implementing service improvements. It is recognised that this requires clarity of governance, responsibilities and decision-making rights. NHS England and NHS Improvement are working with the most advanced systems to develop good practice in this respect that can be shared with other systems. Minimum requirements are clarified in the *NHS Long-term Plan*. As set out in the Plan, NHS England has proposed possible changes to legislation that would support the more effective running of Integrated Care Systems by letting trusts and clinical commissioning groups exercise functions, and make decisions, jointly.

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

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

6.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

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

6.3   This has provided greater consistency to both NHS commissioners and providers as to their sector regulators' requirements and priorities. Changes include developing regional unified urgent and emergency care programme management and NHS England/Improvement jointly-appointed national leadership for priority areas including mental health and technology. NHS England and NHS Improvement are working to align how the progress of Integrated Care Systems is measured, including ensuring consistency between the *Clinical Commissioning Group Integrated Assessment Framework* and the *Provider Single Oversight Framework*.

6.4   As part of closer working arrangements between NHS England and NHS Improvement they will share a new combined management group chaired by the two chief executives. They have subsequently made a number of national and regional appointments. Both organisations will also be adopting joint national governance and decision-making where this is consistent with their statutory duties[35].

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

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

7.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

7.2   NHS England and NHS Improvement are strengthening the voice of patients and communities in designing, delivering and improving system working by supporting local systems to strengthen local engagement, and emphasising in 2018-19 planning guidance the importance of involving local government in emerging Integrated Care Systems.

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

7.3   NHS England has worked with partners on a series of national events to support closer working between the NHS, local government and the voluntary sector. The Building Health Partnerships programme focusses on building relationships between voluntary, community and social enterprise (VCSE) organisations and Sustainability and Transformation Partnerships (STPs), to deliver improvements to people's health and care. A national, cross-sector event in summer 2018 shared learning about the changes and improvements achievable through partnership working. NHS England is refreshing guidance to help local authorities better understand the way NHS systems and processes work.

7.4   During 2017-18, NHS England supported 17 STPs to work more strategically with voluntary organisations on shared priorities, supported by the National Council for Voluntary Organisations, Social Enterprise UK and others. It is expanding this support during 2018-19 and promoting relevant learning. The Health and Wellbeing Alliance will support the next phase of engagement in support of the *NHS Long Term Plan* to ensure collaboration across the VCSE sector.

7.5   NHS England is working with partners including the Local Government Association and the Centre for Public Scrutiny to support closer working with local authorities. Close partnership with local authorities is necessary for prevention, to address the wider determinants of health and to develop integrated services. The strength of these partnerships will be an important marker of the readiness of STPs to become Integrated Care Systems.

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

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

8.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

8.2   Sustainability and Transformation Partnerships (STPs) and the further advanced Integrated Care Systems (ICSs) are partnerships between NHS bodies and local government that help to implement more joined up and proactive delivery of care. Building on learning from the vanguard programme they are now the primary means for spreading new care models. Half of the first wave of ICSs contained a vanguard, and all have plans for implementing new care models, including those developed by vanguards.

8.3   Each vanguard will set out how they will sustain their progress and spread it through their STP or ICS. NHS England has undertaken a range of actions to support this spread.

8.4   The *NHS Long-term Plan* sets out further steps for the implementation of integrated care models across England.

Thirtieth Report of Session 2017-19

Department for Education

Academy schools' finances

Introduction from the Committee

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

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

NAO / PAC Reports and Treasury Minutes

- DFE Report: *Academy Schools Sector in England Consolidated annual report and accounts for the year ended 31 August 2016* - Session 2017–19 (HC 425)
- PAC report: *Academy schools' finances* – Session 2017-19 (HC 736)
- Treasury Minutes: May 2018 (Cm 9618)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9618), 6 recommendations remained work in progress, four of which are now implemented, as set out below.

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

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

1.1   The Government agreed with the Committee's recommendation.

Target Implementation date: April 2019.

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

1.3   To increase transparency and accountability, from April 2019 academy trusts will be required to declare all RPTs and to seek the ESFA's approval for any worth over £20,000 (including cumulatively). This new process will allow the ESFA to report on sector-wide RPT use, including volumes of RPTs worth over £20,000.

1.4   This approach will be proportionate and focus on high-risk transactions, whilst seeking to avoid unnecessary administrative burden to the sector and strengthening accountability and transparency for taxpayers. The ESFA's new requirements will be the most robust process for RPTs in any sector in the

country. The ESFA is not aware of any other sectors that require RPTs to be 'at cost' or require an independent regulator or equivalent third party to approve them in advance. Once they have received declarations from the whole sector, the Department will have a firm evidence base, enabling further review and refinement of the Department's approach over time.

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

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

2.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

2.2   The *2016-17 Academy Sector Annual Report and Accounts*[36] was published on 6 November 2018. This contained more detailed analysis, including: comparative data; information on the performance of academies of different sizes and geographies; and more detailed financial commentary towards the start of the document.

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

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

3.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

3.2   The Department *wrote to the Committee in June 2018*[37], and provided the Committee a further update at the 21 November 2018 evidence session, on action the ESFA have taken to challenge academy trusts paying high salaries.

3.3   The ESFA has taken action to bear down on high pay, including challenging 213 academy trusts across the country that pay a salary of more than £150,000; or trusts paying two or more staff members over £100,000. This has required trusts to provide clear evidence and rationale for these salaries. Of the 213 trusts challenged, 50 no longer pay a salary of over £150,000 or salaries for two or more members of staff between £100,000 and £150,000.

3.4   The ESFA will continue to challenge on high pay and the Department's aim throughout this work is for the sector to get better at identifying and challenging total leadership team costs. New data requirements in the 2017-18 Academy Accounts Return will provide the Department with individual job title and role descriptions for all full time equivalent emoluments above £100,000 per annum and whether the role is predominantly curriculum and education leadership, or school business management leadership focussed.

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

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

4.1   The Government agreed with the Committee's recommendation.

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[36] https://www.gov.uk/government/publications/academies-consolidated-annual-report-and-accounts-2016-to-2017
[37] https://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/academy-schools-finances-report-dfe-120618.pdf

Recommendation implemented

4.2   The Department *wrote to the Committee in June 2018*, and provided the Committee a further update at the 21 November 2018 evidence session, on activity to support academy trusts in financial difficulty.

4.3   The Department operates a clear range of intervention ladders to support an academy trust reach a stronger financial position or recover from failure. There is now a requirement for academy trust to submit their three year financial forecasts which will add to an already rich set of financial data. The updates further set out how the Department's focus is much broader than intervention, working with the sector to continue building capacity and expertise in financial management, forecasting and excellent use of school resources.

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

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

5.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

5.2   The Department wrote to the Committee, in June 2018, with an update on how funds and assets are protected and distributed when schools transfer to another academy trust after one has failed.

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

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

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

6.1   The Department agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

6.2   The Department committed to publishing the findings from the Asbestos Management Assurance Process (AMAP) once the process had completed and the data had been analysed. The original timetable for publication was December 2018, based on a 27 July 2018 close.

6.3   By 27 July 2018, 17,093 (77%) state-funded schools and academies, in England, had participated in the data collection and of those, 11,713 (68.5%) responses had assurance declarations from the relevant 'Responsible Body' (typically the local authority, academy trust or governing body). This equates to an assurance rate of 53% of the education estate. This was a significant improvement on the 2016 data collection participation rate of 25%.

6.4   The Department's objective remains: to develop a comprehensive understanding of asbestos management in the school estate. Ministers decided that the Department should pursue the 23% of schools that had not participated in the AMAP. The AMAP was re-opened on 12 November 2018. To coincide with the re-opening, the Department issued targeted communications to schools and Responsible Bodies that had not yet responded to remind them of the expectation that they should participate in the AMAP. The AMAP data collection closed on 15 February 2019. The Department intends to publish the findings in Spring 2019.

Thirty-First Report of Session 2017-19

Department for Digital, Culture, Media and Sport

Future of the National Lottery

Introduction from the Committee

The Department for Digital, Culture, Media & Sport launched the National Lottery in November 1994. The Lottery, currently run by Camelot UK Lotteries Ltd, aims to raise money for good causes in the arts, sports, heritage, health, education, environment and charitable sectors. Lottery products include draw-based games such as Lotto and EuroMillions as well as scratch cards and online instant-win games. A proportion of proceeds from the Lottery is paid into the National Lottery Distribution Fund. This money is drawn on by 12 non-departmental public bodies that make payments to good causes. The Gambling Commission regulates the Lottery and enforces the terms of Camelot's operating licence. Since it began the Lottery has raised over £37 billion for good causes. After rising for several years, in 2016–17 income for good causes fell by 15% and ticket sales fell by 9%.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Investigation: National Lottery funding for good causes* - Session 2017-19 (HC 631)
- PAC report: *The future of the National Lottery* – Session 2017-19 (HC 898)
- Treasury Minutes: June 2018 (Cm 9643)

Update to the Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (Cm 9643), 1 recommendation has been implemented and the Department disagreed with 2 recommendations. 6 recommendations remained work in progress, all of which are now implemented as set out below.

1: PAC conclusion: *Good causes lost out when the Gambling Commission renegotiated the licence with Camelot in March 2012.*

1: PAC recommendation: *The Gambling Commission should take steps to secure a fair return for good causes from game changes proposed by Camelot over the remaining life of the current licence.*

1.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented

1.2   The Gambling Commission have noted the Committee's recommendations and has increased its scrutiny of all game changes proposed by Camelot. For example, in providing regulatory approval to the EuroMillion game changes which were introduced in January 2019, the Gambling Commission insisted that Camelot included contingency to reverse the proposal should it be received negatively by the public and media. Camelot provided clear remedial actions in the event of there being a negative impact. This provided the Commission with assurance that Camelot had considered the impact and could respond accordingly to the game changes.

1.3   As part of the Lotto and EuroMillions marketing investment proposal approved in September 2018 the Gambling Commission proposed a modification to the profit alignment condition which was accepted by Camelot. This ensures that during the proposal period if Good Causes income falls below the level achieved in 2017/2018 then Camelot's profit after tax will be limited to a maximum of the level achieved in 2017/18 by the requirement of an additional contribution to the NLDF.

2: PAC conclusion: *The current operating licence is not flexible enough to protect the interests of good causes as player behaviour changes.*

2: PAC recommendation: *In setting the next licence, the Gambling Commission needs to benchmark the Lottery against other regulated sectors to determine what a fair rate of return is for operating the Lottery and build flexibility into the licence terms to secure this fair return in changing circumstances.*

2.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented

2.2   The Gambling Commission has now established a dedicated team to design and run the competition for the 4th Licence. It is in the early stages of licence design, including the work that will respond to this recommendation.

2.3   In November 2018, The Gambling Commission launched its initial market engagement, inviting businesses and potential investors to engage with them to help design the competition and shape the future of the National Lottery.

3: PAC conclusion: *Game changes agreed between Camelot and the Gambling Commission have ultimately failed to influence player behaviour as intended, resulting in reduced participation.*

3a: PAC recommendation: *The Gambling Commission should fully evaluate whether significant game changes proposed by Camelot are supported by appropriate, robust research.*

3.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented

3.2   The Gambling Commission has applied a high degree of scrutiny during the regulatory process for games changes to Lotto and EuroMillions which were introduced in November 2018 and January 2019 respectively and the new 'Set for Life' annuity game which will be launched in March 2019.

3.3   Each proposal was supported by substantial and appropriate research from the Operator. Where appropriate the Commission has undertaken broader player research into the key National Lottery games to ensure that it understands the consumer context into which proposed games would be launched.

4: PAC conclusion: *The Department is not doing enough to test the affordability of the Lottery distributors' forward funding programmes in the context of falling Lottery sales.*

4: PAC recommendation: *The Department should test the distributors' modelling of future grant programmes and intervene where it believes forward programmes may be unaffordable.*

4.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented

4.2   The Department remains content that all Distributors have well-developed strategies to ensure affordability of existing and proposed programmes within a falling income scenario. Indicative good causes income is shared with Distributors along with a commentary on progress being made to maximise returns to good causes. The Department will continue to discuss with Distributors the impact of income trends on their budgets and how best to support them in any ongoing period of lower income.

5: PAC conclusion: *The Department is not giving the Lottery distributors the information they need to manage their forward programmes.*

> **5b: PAC recommendation:** *The Department or Commission should ensure that the distributors have any help they need to understand and interpret the data and, during 2018, provide an updated forecast to distributors taking into account Camelot's plans to address the decline in lottery sales.*

5.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented

5.2   The Gambling Commission has brought the National Lottery income projection model in-house which provides greater flexibility in running indicative income forecasts and ability to refine and improve the model.

5.3   This model is updated twice a year coinciding with Distributors planning cycles. The most recent two iterations have taken into account Camelot's strategic proposals that have been approved by the Gambling Commission.

5.4   In addition, The Gambling Commission now also provide Distributors with monthly data which includes a weekly game level breakdown of sales, supported by appropriate commentary. DCMS, the Gambling Commission and the Distributors continue to work together to ensure data shared remains useful and robust in aiding Distributors with their planning of future grants.

> **6: PAC conclusion:** *The Committee is concerned that awareness of the National Lottery's support for good causes has fallen, and that this is likely to have contributed to reduced participation.*

> **6: PAC recommendation:** *Camelot should work with the Lottery Distributors to better publicise the link between good causes and the Lottery and communicate the contribution to good causes from each type of game to customers at the point of sale. The Committee would expect improvements to have been implemented by September 2018.*

6.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented

6.2   Camelot wrote to the Committee on 28 September 2018 stating their evidence that players have a greater link to good causes after playing National Lottery games rather than at the point of sale. Camelot are focussing on making the emotional link to good causes through their marketing initiatives and will keep the Committee's recommendation under consideration.

6.3   Camelot will work with The National Lottery Family in the upcoming celebration of The National Lottery's 25th birthday to reconnect The National Lottery brand with its unique purpose and contribution to society.

Thirty-Second Report of Session 2017-19

Department of Health and Social Care

Cyber-attack on the NHS

Introduction from the Committee

On Friday 12 May 2017, a global ransomware attack, known as WannaCry, affected more than 200,000 computers in at least 100 countries. Those affected by the cyber-attack faced a ransom demand to unlock their devices. In the UK, the NHS was particularly affected with about 80 of 236 NHS trusts across England suffering disruption, because they were either infected by the ransomware or had turned off their devices or systems as a precaution. WannaCry also infected another 603 NHS organisations including 595 GP practices. The NHS had to cancel almost 20,000 hospital appointments and operations, and five accident and emergency departments unable to treat some patients had to divert them to other hospitals. At 4pm on 12 May, NHS England declared the cyber-attack a major incident and implemented its emergency arrangements to maintain health and patient care. On the evening of 12 May, a cyber-security researcher activated a kill-switch so that WannaCry stopped locking devices.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Investigation – WannaCry cyber-attack and the NHS* - Session 2017-19 (HC 414)
- PAC report: *Cyber-attack on the NHS* – Session 2017-19 (HC 312)
- Treasury Minutes: June 2018 (Cm 9643)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9643), 3 recommendations have been implemented. 3 recommendations remained work in progress, two are now implemented as set out below.

> **1: PAC conclusion:** *The NHS was not prepared for WannaCry and there is a long way to go before agreed, prioritised and costed plans for improving cyber security are in place across the NHS.*

> **1: PAC recommendation:** *The Department and its national bodies should urgently consider and agree implementation plans arising from the recommendations within their Lessons Learned document, prioritising and costing actions, setting a clear timetable, and ensuring national and local roles, responsibilities and oversight arrangements are clear. They should provide an update on progress to the Committee by the end of June 2018.*

1.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2   DHSC published an *update on progress in October 2018*. A copy was provided to the Committee.

1.3   This update sets out a number of actions the system has collectively taken together to respond to the lessons learned report and sets out the implementation plan going forward, including timelines for action.

1.4   This programme of work forms part of the Data and Cyber Security Programme being led by the Department with its Arm's-Length Bodies (ALBs) to improve the cyber security of the health and care system. The programme is overseen by a governance and assurance framework which includes scrutiny from non-executive directors.

> **4: PAC conclusion:** *Without an understanding of the costs of WannaCry national and local organisations cannot target investment in cyber security.*

> **4: PAC recommendation:** *The Department should provide an update to the Committee by the end of June 2018 with its national estimate of the cost to the NHS of WannaCry and with its national bodies agree with local organisations how to target investment appropriately in line with service and financial risks.*

4.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented.

4.2   DHSC published an *update on progress in October 2018*. A copy was provided to the committee. This update stated that the overall estimated cost to the NHS based on lost output and IT costs was £92 million.

4.3.   A targeted approach is now in place that will inform how interventions and funding will be directed. A set of metrics have been defined and agreed across the Department and its ALBs to define risk likelihood and clinical impact of local organisations, and the extent that local organisations have the capability to address these risks.

> **5: PAC conclusion:** *Not all local bodies have the means to update and protect systems without disrupting the ongoing delivery of patient care.*

> **5: PAC recommendation:** *The Department and its arm's-length bodies should set out how local systems can be updated whilst minimising disruption to services, and provide guidance and support to do this; ensure that all IT suppliers and suppliers of medical equipment to the NHS are accredited and that local and national contracts include standard terms to maintain and protect NHS devices and systems from cyber-attack; and ensure that local and national workforce plans include a focus on IT and cyber skills.*

5.1   The Government agreed with the Committee's recommendation.

Target implementation date: May 2020.

5.2   NHS Digital has published best practice guidance and example policies on *implementing security updates to local systems*.

5.3   NHS Digital is managing the NHS-wide programme to implement the Advanced Threat Protection (ATP) cybersecurity defence. This had been deployed to more than 500,000 devices across 330 organisations by end 2018, and is on schedule to be deployed to 1,000,000 NHS devices by March 2019. NHS Digital is also managing the deployment of Windows 10 to the same estate with a target completion date of January 2020.

5.4   Local organisations should ensure that information technology system providers have appropriate accreditation. This requirement was set out in the 2017-18 Data Security and Protection Requirements, and is also a requirement in the Data Security and Protection Toolkit. The Department will work with the Medicines and Healthcare Products Regulatory Agency to ensure that cyber security is appropriately reflected in the approach to regulating medical devices as part of wider changes to the regulation of medical devices from May 2020.

5.5   NHS Digital has launched new data protection and security e-learning for all health and social care staff which incorporates new material on cyber security.

Thirty-Third Report of Session 2017-19

Department for Business, Energy and Industrial Strategy

Research and development funding across Government

Introduction from the Committee

Expenditure on research and development includes exploratory research to acquire new scientific knowledge, applied research to solve specific problems, and translational research to develop new products or processes. In 2015, the UK spent £31.6 billion on research and development, including £8.75 billion of public funding and £15.5 billion of spending by business. The Government has announced plans to increase research funding, and aims to spend an extra £7 billion over the five years to 2021–22. The Department for Business, Energy and Industrial Strategy (BEIS) is responsible for the majority of Government investment in research, which it funds principally through its research councils, Innovate UK and the Higher Education Funding Council for England (HEFCE). Around a third of public funding for research comes from other Departments. From April 2018, a new body, UK Research and Innovation (UKRI) will bring together the research councils, Innovate UK and the research functions of HEFCE. UKRI will be accountable to BEIS.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Cross Government funding of research and development* - Session 2017-19 (HC 564)
- PAC report: *Research and development funding across Government* – Session 2017-19 (HC 668)
- Treasury Minutes: June 2018 (Cm 9643)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9643), 2 recommendations have been implemented. 5 recommendations remained work in progress, as set out below.

> **1: PAC conclusion:** *BEIS does not know how it will achieve the target of increasing total UK investment in research and development, while at the same time compensating for any potential loss of research funding following EU exit.*

> **1: PAC recommendation:** *To avoid the Government having to make a disproportionately high contribution to future UK research funding, BEIS should develop a clear strategy for increasing total UK investment to 2.4% of GDP, which addresses issues such as under-funding by business and the potential loss of EU funding.*

1.1   The Government agreed with the Committee's recommendation.

Target implementation date: Winter 2019.

1.2   In November 2018, the Department <u>wrote to the Committee</u>[38], with a more detailed update on progress and the trajectory the Department is currently projecting for performance against the 2.4% target and confirmation of the expected publication date for the roadmap.

1.3   Further to the letter, the Department has been working closely with UK Research and Innovation (UKRI) and other Government departments to engage with businesses, academics and other stakeholders across the innovation and research ecosystem. Through this engagement, the Department and UKRI are attempting to better understand the barriers to increased research and development

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[38] https://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/Corresp%20-%20BEIS%20-%20TM%20Response%20181115.pdf

investment by UK and international business, the greatest opportunities for research and development growth over the next decade, and the key policies Government should prioritise to reach the 2.4% target and deliver economic and societal impact. Increasing business investment in research and development will be critical for reaching the 2.4% target. The Government's approach will focus on the policies that will drive business demand for research and development and incentivise investment in it.

1.4   Specifically, UKRI has been partnering with key stakeholder organisations to run a series of workshops with a diverse set of experts and thought leaders from across business, research, policy, and academia (including international representation) in order to build its evidence base and develop its strategy. These workshops are exploring the biggest questions for UKRI and the UK research and innovation landscape more broadly over the coming years, including:

- how to grow the economy regionally while continuing our world-leading excellence in research and innovation;
- how to enhance the UK business environment for R&D;
- what is required in the talent pipeline to achieve the target;
- lessons learned from previous attempts to increase R&D investment and international comparisons; and
- the role of fundamental knowledge in achieving the target, and how to maximise impact.

4: PAC conclusion: *Government does not know which areas of research need stronger leadership.*

4: PAC recommendation: *Once UKRI is established, it should identify where UK research is lagging behind and develop tailored strategies for investing in and supporting these areas to develop capability and increase productivity.*

4.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2   UKRI currently has several related strategic planning processes underway, which will guide future investments in research and innovation. These include developing council strategic delivery plans (SDPs) (to be published 2019); building a roadmap to deliver to government's 2.4% ambition (to be published 2019); and the creation of the Infrastructure Roadmap (to be published 2019). In addition, UKRI continues to prepare for the 2019 Spending Review. Leveraging the evidence, stakeholder engagement, and strategic thinking from these processes, UKRI will continue to develop strategies and allocate funding across multiple disciplines to address the greatest research and innovation challenges and opportunities facing the UK.

5: PAC conclusion: *BEIS does not know enough about which areas of science have skills gaps, nor the potential impact on the availability of key skills arising from the UK leaving the EU.*

5: PAC recommendation: *UKRI and BEIS should ensure that data on potential research skills gaps is used to establish whether key capabilities and productivity are at risk and take appropriate action in response.*

5.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2   Building capacity and capability of the research and innovation workforce is central to the delivery of the Government's Industrial Strategy and achieving its target of increasing investment in R&D to 2.4% of GDP by 2027. UKRI continues to work with academia, business and across Government, including with BEIS, Department for Education and the Office for Students taking a collaborative approach to developing its talent and skills strategy to addresses long term skills needs at all stages in the talent

pipeline. It is vital that UKRI, and the UK as a whole, continues to have access to the global labour market and to recruit top international talent. Where skills gaps have been identified, UKRI has submitted information to the UK Shortage Occupation list and has successfully added occupations to the list.

5.3   The Future Leaders Fellowships (FLF) will develop and attract talent, by supporting early career researchers and innovators with outstanding potential in universities, research organisations and businesses to become research and innovator leaders. The FLF programme will invest £900 million over the next 11 years to support at least 550 early career researchers. The first two rounds opened in 2018, with cohorts starting in 2019-20. Talent investment from National Productivity Investment Fund (NPIF)) will also support 950 PhDs focussed in Artificial Intelligence over the next 5 years, to build knowledge and skills in priority areas where gaps exist.

6: PAC conclusion: *There is good practice in the coordination of research into human health, but it has not been sufficiently replicated elsewhere in the sector.*

6: PAC recommendation: *UKRI should review which elements of the model used to coordinate health research can be replicated in other areas.*

6.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented

6.2   As a new organisation, UKRI is actively looking to build on best practice, including learning from the Office for Strategic Coordination of Health Research (OSCHR) model to co-ordinate research activity with other funders. UKRI are putting this into practice in developing the new Strategic Priorities Fund. One of the objectives of the Strategic Priorities Fund (SPF) is to ensure that UKRI's investment links up effectively with government departments' research priorities and opportunities. UKRI has worked closely with the Department, the Government Office for Science, and other government departments, building on priorities and opportunities gathered from its stakeholders and partner organisations, to develop a set of ambitious proposals that provide the best possible portfolio of priority research and innovation to address the objectives of the SPF.

6.3   Different research areas will need responses suited to their issues. UKRI has made good progress here, such as fostering a collaboration between Biotechnology and Biological Sciences Research Council, Natural Environment Research Council, the Department for Environment, Food and Rural Affairs (Defra) and the Scottish Government, on UK Animal and Plant Health to develop a £17.7 million programme announced on 5 December 2018. In scoping this proposal, the partners drew, in part, on strategic advice from the UK Science Partnership for Animal and Plant Health - a cross-government group with representation from UKRI, BEIS, Government Office for Science, Defra, Food Standards Agency, the Forestry Commission, Department for International Development, Public Health England, Department of Agriculture and Rural Development for Northern Ireland, Scottish Government and Welsh Government.

6.4   In seeking input from government departments, UKRI has drawn primarily on the Chief Scientific Advisors (CSAs) network, co-ordinated by the Government Office for Science. The role of the Government Office for Science is "to ensure that government policy and decisions are informed by the best scientific evidence and long-term strategic thinking", and it therefore works closely with UKRI to co-ordinate the government's approach to research funding. For example, the GCSA chairs the Energy Innovation Board, which provides strategic oversight of government funding of energy innovation programmes. UKRI has also assigned an Executive Chair to lead strategic engagement on research and innovation priorities on behalf of UKRI with specific government departments and commissions.

These include:

- Ministry of Defence, where a single Memorandum of Understanding (MoU) between MoD and UKRI is being developed to update the existing agreements between the Defence Science and Technology Laboratory (DSTL) and RCUK / Innovate UK.
- Department for Transport to lead on transport research, innovation and skills engagement.

- Geospatial Commission (via the Cabinet Office) to provide oversight and input and a single point of contact into UKRI.

UKRI will continue to the take the lessons learned from OSCHR and implement them as appropriate, both in new and existing programmes of work

> **7: PAC conclusion:** *Government lacks a complete picture of who is funding what, and the results of government-funded research, meaning it risks missing gaps and overlaps in research programmes or a shared understanding of outcomes.*

> **7: PAC recommendation:** *UKRI should work with other Departments to determine options for developing a cross-Government database of research projects and write to the Committee with a progress update by September 2018.*

7.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019

7.2   Improving tracking research was one of the requirements Alex Chisholm, Permanent Secretary of BEIS, set out in his letter of April 2018 to UKRI's chairman Sir John Kingman, following the launch of UKRI. UKRI has made good progress and has developed a data hub that brings together internal and external data, including data from the ResearchFish system (an online data repository), enabling consistent reporting across the research portfolio, and systematic data linking to better understand the impact of funding. UKRI will continue to develop and add to the Data Hub, with a roadmap for adding further data sets (for example patents and companies) and developing performance reports over the next 6 months.

7.3   In addition to bringing together relevant data from numerous sources, the data hub will host a suite of analytical tools that support data linking, reporting, and analysis using data science techniques such as natural language processing. An early priority is to establish agreed classifications across UKRI's grant portfolio, enabling consistent analysis of funding by discipline or theme. Using data mining and text analysis techniques, UKRI will create repeatable and consistent categories that can easily be applied to their own and other funders' research portfolios. Once developed, this will enable consistent understanding of the research landscape within UKRI and beyond, highlighting areas of focussed research and any gaps, including where other funders are more active.

7.4   During 2018, UKRI worked with the Department to provide initial reporting on the UKRI Energy portfolio for the Energy Innovation Board (EIB) and also the Department's Clean Growth visualisation tool. At the EIB December 2018 meeting, the board received an update on tracking of research and development (R&D) activity across Whitehall and in the first quarter of 2019 UKRI will trial its new classification techniques in order to define energy-related grants. The EIB will continue to work with other Departments and UKRI to further strengthen this tracking and understanding the impact of the £2.5bn investment the Government is making in energy and clean growth innovation.

7.5   Government Office for Science (GO-Science) has continued working with Departments to clarify their research requirements though the Areas of Research Interest statements. These have been published for thirteen Whitehall departments, one non-ministerial department, and one non-departmental public body. To date, the Areas of Research Interest statements have been used to successfully establish greater co-ordination between departments, primarily by informing the priorities of the Strategic Priorities Fund and by increasing academic engagement with departmental research priorities. GO-Science is considering how it might build further upon this work to create further cross-government coherence.

Thirty-Fifth Report of Session 2017-19

Department for Transport

Rail franchising in the UK

Introduction from the Committee

The Department for Transport awards franchises to run rail services for passengers to private sector companies. The Thameslink, Southern and Great Northern (TSGN) franchise, which operates services in South East England, is the largest of the Department's passenger rail franchises and is also tasked with supporting delivery of the Thameslink Programme to improve services for passengers. The current operator, Govia Thameslink, started operating services on the franchise in September 2014. Since then, performance has been poor: 146,000 trains were cancelled between July 2015 and March 2017, and more trains have been delayed on this franchise than any other.

The East Coast franchise covers intercity routes between London King's Cross and Yorkshire, the north east of England and Scotland and is run by Virgin Trains East Coast (VTEC). The franchise started in 2015 and had been due to run until 2023. In February 2018, the Department announced that VTEC's contract to operate the franchise would end some five years early. Passenger numbers have not increased as much as the operator assumed when it bid for the franchise, meaning that VTEC will not be able to continue to pay the Department the amount it is contractually required to run the franchise.

NAO / PAC Reports and Treasury Minutes

- NAO report: *The Thameslink, Southern and Great Northern rail franchise* - Session 2017-19 (HC 528)
- PAC report: *Rail franchising in the UK* – Session 2017-19 (HC 689)
- Treasury Minutes: June 2018 (Cm 9643)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9643), 2 recommendations have been implemented, 3 remained work in progress, and are now implemented as set out below.

> **2: PAC conclusion:** *The Department turned a blind eye to the potential level of industrial action on the Thameslink, Southern and Great Northern franchise, a particular lack of foresight given that it already knew that passengers were at risk of disruption from the Thameslink programme.*

> **2b: PAC recommendation:** *It must ensure it engages with all key stakeholders including rail unions, as an open and honest dialogue is in the best interests of passengers.*

2.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2   The Department is committed to maintaining a constructive dialogue with all the key stakeholders including the four main rail unions to ensure that passenger safety and service are prioritised always.

Engaging with rail trade unions

2.3   During the franchising process all stakeholders have a chance to feed in their views during the consultation and ITT stages. The Department typically writes to the unions and other key stakeholders to remind them to do so. To further strengthen this process, the Department reviewed the stakeholder engagement process during the ITT stage to include more engagement with trade unions.

2.4   Introductory meetings have been held with ASLEF, RMT, TSSA and the TUC to contribute to the Williams Rail Review. This is in addition to the call for evidence, to which Unions have been asked to contribute.

<u>Engaging with other stakeholders</u>

2.5   To ensure that the needs of disabled people and those with accessibility needs are considered within the industry, officials within the Department regularly engage with colleagues at Office of Rail and Road, the Rail Delivery Group, train operating companies and disability groups such as the Disabled Persons Transport Advisory Committee (DPTAC) to discuss how we can together push forward the accessibility agenda.

> **3: PAC conclusion:** *It is unacceptable that the Department agreed to disregard the terms of its contract and settle the level of fines Govia Thameslink will pay for future poor performance before knowing whether Govia Thameslink was performing well or not.*

> **3: PAC recommendation:** *The Department should write to the Committee by September 2018, explaining how it has reviewed its approach to performance management of rail franchises, in order to reduce the risk that performance regimes break down in practice and to set clear expectations for protecting passengers and taxpayers if alternatives to the contracted regime need to be found. It should also set out how it held Govia Thameslink to account between September 2017 and September 2018, and how it will do so after the current agreement ends.*

3.1   The Government agreed with the Committee's recommendation. However, the Government disagreed with the Committee's conclusion.

Recommendation implemented.

3.2   The Department <u>wrote to the Committee on 28 September 2018</u> explaining how it has reviewed its approach to performance management of rail franchises, addressing the recommendation.

3.3   GTR will make no profit from its franchise in the financial year 2018-19. The Department has capped the amount of profit that GTR can make for the remainder of its franchise, which expires in September 2021.   GTR will contribute £15 million towards tangible improvements for passengers. This is in addition to the £15 million it has already contributed in passenger compensation for the May 2018 timetable disruption.

3.4   The Department has required the industry to fund special compensation schemes on GTR, Northern and TPE.

3.5   The Department welcomed Glaister's findings in his final report in December setting out his recommendations for preventing a repeat of the May timetable failure, and requiring Network Rail to improve its timetabling process. In the future, the Department will insist on a gradual approach to timetable change wherever possible.

3.6   There remains room for improvement and the Department continues to push GTR to improve reliability across their network. Network Rail continues to deliver improvements designed to combat some of the underlying infrastructure issues on this part of the network.

> **4: PAC conclusion:** *The Committee is concerned that the Department still does not have a good enough understanding of what causes passengers to choose to travel by rail, given how central this is to making the right decisions for passengers and taxpayers.*

> **4: PAC recommendation:** *The Department must take urgent action to improve its understanding of what causes changes in passenger demand, and use its understanding of these factors to model a range of likely outcomes before awarding franchises. It must write to the Committee before it awards any more franchises to explain the improvements it has made.*

4.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2   The Department wrote to the Committee on 28 September 2018[39], addressing the recommendation.

4.3   The Department recognises people's work patterns are changing that have made demand harder to predict. The most recent update to our forecasting guidance took place in May 2018, and has improved its robustness by-amongst other things- taking into account how changing employment in different sectors will affect the number of train journeys.

4.4   We work closely with the industry on research programmes. The Rail Safety and Standards Board are currently working on a study that helps to better understand the factors that influence travel behaviour.

4.5   The Department is also improving the database used in demand forecasting estimation studies, and has commissioned work relating to important determinants of demand, such as fares and the number of journeys taken per season ticket.

4.6   The Department has introduced a new approach to testing the financial viability of franchises when evaluating bids. This incorporates a more testing set of scenarios into the financial robustness test in order to provide greater assurance of a franchises viability as well as a downside scenario in the formula to evaluate which bid wins the competition.

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[39] https://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/180928-BK-to-MH-re-Rail-Franchising.pdf

Thirty-Sixth Report of Session 2017-19

Home Office

Reducing modern slavery

Introduction from the Committee

Modern slavery encompasses slavery, servitude and compulsory labour and human trafficking. In 2014 the Home Office estimated that there were between 10,000 and 13,000 potential victims of modern slavery in the UK in 2013, and in 2013 it estimated that the overall social and economic cost to the UK of human trafficking for sexual exploitation alone was £890 million. The Department introduced the Modern Slavery Strategy in 2014 with the aim of significantly reducing the prevalence of modern slavery. This was followed by the Modern Slavery Act in 2015. While the Department is the policy lead for managing the UK's response to modern slavery, a range of public sector organisations are involved in delivering the strategy, alongside businesses and non-governmental organisations (NGOs). The Department funds and manages the process for identifying victims, known as the National Referral Mechanism. It also manages a contract for support services for potential victims of modern slavery in England and Wales, currently run by the Salvation Army.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Reducing Modern Slavery* - Session 2017-19 (HC 630)
- PAC report: *Reducing Modern Slavery* - Session 2017-19 (HC 866)
- Treasury Minutes: June 2018 (Cm 9643)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9643), 7 recommendations remained work in progress, as set out below.

> **1: PAC conclusion:** *The Home Office has no means of monitoring progress or knowing if its Modern Slavery Strategy is working and achieving value for money.*

> **1: PAC recommendation:** *In order to effectively track whether its Modern Slavery Strategy is working and prioritise funding and activities, the Department should set targets, actions, a means of tracking resources, and clear roles and responsibilities within the programme and report back to the Committee by December 2018.*

1.1   The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2019

1.2   The Department will continue to work with other government departments (OGDs) to develop an enhanced performance framework for the modern slavery strategy, which will include setting targets and milestones for elements of delivery. The enhanced performance framework will include indicators to monitor progress across the strategy, and developing indicators that provide insight into outcomes for individuals who have been referred to and received support through the National Referral Mechanism (NRM). The Government has mapped direct spend on modern slavery for 2017/18 and 2018/19 and published the findings in the 2018 UK Annual Report on Modern Slavery[40].

1.3   The Department will also continue to work with OGDs to map out roles and responsibilities for delivering the strategy, setting out and monitoring direct spend on modern slavery programmes. The Department will set out roles and responsibilities of different agencies in relation to victim identification and support, through regulations under Section 50 of the Modern Slavery Act 2015 and statutory

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[40]

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749346/2018_UK_Annual_Report_on_Modern
_Slavery.pdf

guidance under Section 49 of the Act. The Department is also updating operational guidance ahead of the launch of the Single Competent Authority and digital system to ensure responsibilities and processes are in place for the planned launch in 2019. The Department has also launched a review of which organisations should be First Responders to ensure that the right organisations are responsible for identifying and supporting victims of modern slavery.

> **2: PAC conclusion:** *There are gaps in Department's understanding of modern slavery in the UK which could impact on prevention work.*

> **2: PAC recommendation:** *The Department should continue its work to gain a better understanding of the crime, the victims and the perpetrators, in order to target its prevention work effectively. It must take account of the potential impact of other factors such as the exit from the EU.*

2.1   The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

2.2   In the 2018 UK Annual Report on Modern Slavery[41] the Department published a set of priority areas for research and analysis. These priorities were developed to help researchers and potential funders to design research that supports the policy and operational response to modern slavery. In July 2018 the Department published two reports that have contributed to the evidence base: The economic and social costs of modern slavery[42] and An assessment of Independent Child Trafficking Advocates: Interim findings[43].

2.3   The Modern Slavery Police Transformation Unit (MSPTU) has facilitated the increased exchange of information between NGOs and police forces. Furthermore, the Joint Slavery and Trafficking Analysis Centre (JSTAC) has significantly improved the strategic intelligence picture over the last 2 years and the National Crime Agency has committed to resource the JSTAC for at least the next three years. The Department's grant to the MSPTU is due to end in March 2019. The Department is working with the National Policing Lead to identify potential funding streams and develop proposals for continued funding. The Department will continue to build on the significant progress made by the Police Transformation Fund. These efforts form part of the Government's refreshed Serious Organised Crime Strategy, with a strong focus on tackling all forms of exploitation.

2.4   We will continue to work with our European partners to eradicate modern slavery no matter what shape our relationship with the EU takes. The UK has proposed a legally binding agreement on internal security that includes mechanisms for rapid and secure data exchange, practical measures to support cross-border operational cooperation; and continued UK cooperation with EU law enforcement and criminal justice agencies.

> **3: PAC conclusion:** *The Department's hands-off approach to businesses' compliance with its transparency in supply chains legislation is not working.*

> **3: PAC recommendation:** *The Department should take immediate action to ensure that its Transparency in Supply Chains legislation is more effective. It needs to drive up compliance, by actively administering and monitoring compliance and should write to the Committee by April 2019 setting out what progress it has made and its latest estimate of compliance and demonstrating how this is improving transparency. The Department should consider publishing itself a list of companies who have complied and not complied with the legislation, rather than relying on NGOs to police the system.*

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[41]

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749346/2018_UK_Annual_Report_on_Modern_Slavery.pdf

[42] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/729836/economic-and-social-costs-of-modern-slavery-horr100.pdf

[43] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/730098/assessment-of-independent-child-trafficking-advocates-horr101.pdf

3.1   The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019

3.2   The Department has significantly stepped up activity to increase compliance and the quality of reporting under the Modern Slavery Act. In October 2018, the Department wrote directly to c.17,000 businesses identified as in scope of the legislation with instructions on how to comply and notification of the Department's plan to carry out a compliance audit at the end of the financial year and intention to name non-compliant businesses following this audit. A social media campaign was launched in parallel.

3.3   The Department is also developing new resources, including: a blog bringing together best practice case studies from leading businesses and NGOs; an email newsletter (which more than 2,700 businesses have signed up for) and updated guidance on GOV.UK. Under the auspices of the Modern Slavery Strategy and Implementation Group, the Department has also established an advisory group bringing together key NGOs, businesses and other expert stakeholders to share intelligence and best practice to inform the Government's work to tackle modern slavery in public and private sector supply chains.

3.4   The Department will write to the Committee by April 2019 with details of progress and the latest compliance estimate.   The ongoing Independent Review of the Modern Slavery Act is also considering the Section 54 Transparency in Supply Chains requirement and the Government will respond to the Review's recommendations following its final report at the end of March 2019.

> **4: PAC conclusion:** *Reform of the National Referral Mechanism has taken too long and the current system does not allow the Government to understand and deal with modern slavery effectively.*

> **4: PAC recommendation:** *By January 2019 the Department should ensure that the reformed NRM system enables it to collect and analyse data to understand the crime, the businesses and the sectors where prevalence is highest, and, where victims consent, to understand what happens to victims after they leave the NRM.*

4.1   The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2019.

4.2   In October 2017, the Government announced that it would implement a new digital system to support the NRM process and identification of potential victims. The priority for the digital system must be that it works for users – the first responders and caseworkers who will be using it daily. However, the system will also enable data to be captured and analysed to better aid prevention and law enforcement activity.

4.3   The Department has appointed a supplier to develop the digital casework system. The Department will work closely with the supplier, stakeholders and key users, including the caseworkers at UKVI and NCA, of the digital system to ensure that the system design and functionality provides an efficient casework system that enables better data analysis. This will include understanding the experience and journey of individuals who are referred into the NRM; information about the exploitation experienced to support upstream interventions; and characteristics of individuals referred into the NRM.

4.4   The Department intends to have an operable digital system in Summer 2019. The move to a new digital system will support the work of the new Single Competent Authority and the Department is planning that the digital system will be used for all referrals and casework in this new unit.

> **5: PAC conclusion:** *The Committee is very concerned that victims are waiting far too long to receive National Referral Mechanism decisions, causing distress and anxiety to vulnerable people, and increasing the costs of the victim care contract.*

> **5: PAC recommendation:** *Within six months, the Department should write to the Committee setting out what actions the competent authorities are taking to reduce the time potential victims wait for a decision, and how the reformed NRM will reduce decision making times further, including what the target time for a conclusive decision will be.*

5.1   The Government agrees with the Committee's recommendation

Target implementation date: Spring 2019

5.2   The introduction of a digital system to support the NRM process and the creation of a Single Competent Authority (SCA) in 2019 is anticipated to reduce decision making times by reducing duplication of information, improving data sharing and supporting a more streamlined decision-making process.

5.3   Ahead of the creation of the SCA, the Department has invested resource to reduce the current cohort of NRM cases where individuals are awaiting a conclusive grounds decision. Through the recruitment of additional permanent staff, temporary agency workers and the use of internal contingency resource, the Department is now successfully reducing the number of cases awaiting a decision. Continuous Improvement experts have also analysed, recommended and begun to implement improvements to the current NRM processes to generate benefits now and for the SCA.

5.4   The Department acknowledges the importance of giving individuals more certainty of when a decision can be expected. Once the changes to reduce timescales of the decision-making system have been implemented, the Department aims to give victims realistic timescales of when their cases will be considered. These processes will be tested to ensure that target times are realistic and do not affect the quality of decision-making at the expense of speedy decisions. Whilst individuals await a conclusive grounds decision they can access support, including safe house accommodation.

> **6: PAC conclusion:** *In the absence of clear care standards and an inspection regime, the Department has no way of knowing that victims are receiving adequate care.*

> **6: PAC recommendation:** *The Department should, as a matter of urgency, put in place care standards for the current victim care contract. It should also contract for, or put in place itself, an inspection regime to ensure that all care reaches these standards.*

6.1   The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

6.2   The Department recognises the importance of clear care standards and an inspection regime to oversee the victim care contract. That is why as part of the NRM reform package, the Department announced a minimum standard of support in all future contracts would be introduced providing support to adult victims of modern slavery in England and Wales, and an inspection regime to provide assurance that those minimum standards were being met.

6.3   Over the summer, the Human Trafficking Foundation worked with a range of experts from the sector, to update its set of standards. The HTF published its updated set of standards on 15 October 2018. The Department is in discussions with an independent and experienced care sector inspector regarding the design an inspection regime, which will use these standards as a baseline. We expect to be able to share details of any appointment in January/February 2019, subject to the necessary approval processes.

6.4   The Department expects to roll out a pilot independent inspection regime, based on the developed care standards, in Spring 2019, in the current victim care contract. We are currently tendering for the new victim care contract which will also be subject to the fully developed inspection regime. This inspection is expected to operate on a routine basis. The new victim care contract will go live in April 2020.

> **7: PAC conclusion:** *The extreme variation between police forces' referral rates suggests that some forces are not treating modern slavery as seriously as others.*

> **7: PAC recommendation:** *The Department needs to work with the National Crime Agency, the Crown Prosecution Service, the Independent Anti-Slavery Commissioner, Police and Crime Commissioners, local police forces and local authorities to urgently develop a set of clear, practical steps and good practice guidance to understand why there are regional variations in tackling the issue and how these can be reduced.*

7.1	The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019

7.2	The Department is working closely with the National Crime Agency and National Policing Lead for modern slavery to encourage a consistent approach to modern slavery across police forces. The Crown Prosecution Service (CPS) have appointed a Chief Crown Prosecutor champion to lead on modern slavery work to help strengthen the national response and ensure consistency across all CPS areas. Training has been delivered to all relevant prosecutors nationally and performance data on modern slavery crime types is produced on a bi-monthly basis to identify trends.

7.3	The Modern Slavery Police Transformation Programme has delivered a total of 43 guidance products to forces and Police and Crime Commissioners, sharing good practice from debriefs of 40 major investigations and a deep dive into over 200 case files. By March 2018 all forces received an assessment from the programme, outlining the areas of good practice and signposting opportunities for improvement. A network of regional coordinators was established to share good practice between forces. This has helped to uplift the operational response from 188 live investigations taking place in forces in 2016 to 1120 in November 2018. Furthermore, a comprehensive programme of training has been delivered to every police force in the UK. This included training 550 specialist investigators, 250 police and partnership co-ordinators, and 556 analysts/intelligence development staff.

7.4	In addition, the Serious and Organised Crime Strategy 2018 will ensure that there is a consistent approach to tackling modern slavery. This includes several forces successfully working with local authorities to help communities build resistance. Furthermore, the Office of the Independent Anti-Slavery Commissioner and the University of Nottingham have published an online toolkit of resources to support local modern slavery multi-agency partnerships.

Thirty-Seventh Report of Session 2017-19

Department for Environment, Food and Rural Affairs / Department for International Trade

Exiting the European Union: Department for Environment, Food and Rural Affairs and Department for International Trade

Introduction from the Committee

The Department for Environment, Food and Rural Affairs is one of the Departments most affected by Brexit. With almost all of its areas of responsibility framed by EU legislation, it is a key player within Government in negotiations on the withdrawal agreement and the future relationship with the EU, in future trade agreements, border planning and in agreeing future arrangements with the devolved administrations. It is responsible for 64 of the 300 plus Brexit-related work streams across Government. Almost half of these have an IT component, and some require establishing entirely new bodies to take over EU regulatory functions. On top of this, it has to manage a sizeable legislative programme, including two major pieces of new primary legislation on agriculture and fisheries, continue its business as usual, and achieve efficiency savings of £138 million in 2018–19.

The Department for International Trade was formed in July 2016 in direct response to the EU referendum result. It has overall responsibility for promoting British trade across the world, including preparing for and then negotiating Free Trade Agreements and market access deals with non-EU countries. DIT is responsible for eight of the Brexit-related work streams across Government. Its tasks include joining the World Trade Organisation and the Government Procurement Framework, planning for different scenarios and introducing new legislation. DIT will therefore need to work with the devolved administrations to ensure coherent public procurement law and policy. In November 2017, DIT submitted its first piece of primary legislation to Parliament, the Trade Bill, which will establish the framework for the UK to operate its own trade policy.

On 19 March 2018, the Department for Exiting the European Union published the Draft Withdrawal Agreement which includes a transition period running to 31 December 2020, and stated that the UK and the EU negotiating teams aim to finalise the entire Withdrawal Agreement by October 2018.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Implementing the UK's exit from the European Union: Department for Environment, Food and Rural Affairs* - Session 2017-19 (HC 647)
- NAO report: *Implementing the UK's exit from the European Union: Department for International Trade* - Session 2017-19 (HC 713)
- PAC report: *Exiting the European Union: Department for Environment, Food and Rural Affairs and Department for International Trade* - Session 2017-19 (HC 699)
- Treasury Minutes: June 2018 (Cm 9643)

Update to the Government response to the Committee

There were 8 recommendations in this report of which the Department disagreed with 2. At the time of the previous Treasury Minute (July 2018), 2 remained outstanding. All 6 agreed recommendations have now been implemented.

> **3: PAC conclusion:** *The devolved administrations have a crucial role to play for both Departments and failure to engage successfully will cause disruption to the UK's internal market.*

> **3: PAC recommendation:** *The Committee expects both Departments, by July 2018, to report to the Committee on progress in their engagement with devolved administrations, setting out what has been achieved and the risks and challenges that remain.*

3.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented

3.2   Defra recognises that the majority of its functions intersect with devolved areas of policy and has been working with the Devolved Administrations to secure future common frameworks that are in the best interests of people in all parts of the UK. The purpose of this engagement is to support the vitally important UK internal market, and the benefits it brings for the economy as a whole, and to help ensure the UK can negotiate, enter into and implement new trade agreements and international treaties. The Department's engagement with the Devolved Administrations is continuing and covers policy, projects, legislation and contingency planning arrangements for the UK's exit from the EU.

3.3   Defra has introduced a number of fora to strengthen regular engagement and collaboration with the Devolved Administrations on EU exit related matters. These fora ensure that the Department has an accurate understanding of the UK - wide issues affecting its sectors as well as ensuring that the Devolved Administrations have the opportunity to shape the Department's thinking and EU Exit activities. Quadrilateral meetings between Ministers take place regularly and are supplemented with bilateral discussions. There are many fora at official level between the Department and the Devolved Administrations which cover a wide range of policy and programme areas relating to EU exit. These structures are working well.

3.4   Defra wrote to the Committee in October 2018 with an update on EU exit preparations including primary and secondary legislation, domestic preparedness, EU exit projects and common frameworks.

3.5   DIT has worked with the devolved administrations across a range of trade policy issues. DIT has consulted with them closely on the progression of the Trade Bill and continues to work with their trade promotion bodies to cooperate effectively on shared trade promotion activity to support UK businesses. The Board of Trade, convened by DIT in 2017, works to spread the benefits of trade and investment across the whole of the UK.

3.6   The Trade White Paper, published in October 2017, further made clear the UK is committed to a transparent approach to international trade and invited views on the UK's approach to future trade agreements. The White Paper set out the commitment to working closely to deliver an approach for future trade policy that works for the whole of the UK, reflecting the needs and individual circumstances of England, Scotland, Wales and Northern Ireland, and drawing on their essential knowledge and expertise

3.7   DIT wrote to the Committee on 9th November with further information on Trade and Investment Promotion, Trade Policy and the future aims of the Department.

8: PAC conclusion: *DIT does not yet have an adequate understanding of the regional and sectoral impacts of Brexit on inward investment and jobs and industry's ability to trade smoothly.*

8: PAC recommendation: *DIT should write to the Committee, again within two months, explaining how it is using strong analysis of the impact of different options on sectors and regions to inform its decisions about trade and inward investment policy.*

8.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented.

8.2   The Department is developing analysis and a strong evidence base to inform the development of trade and investment policy, including considering the impact on sectors and regions.

8.3   One recent example of this is the impact assessment of the Comprehensive Economic and Trade Agreement (CETA) between the European Union and Canada published in May 2018. This used Computable General Equilibrium modelling to assess the sectoral impacts of CETA, and provided information on which regions might be most affected by the agreement. It is intended that a range of analytical and modelling techniques will be used to assess the sectoral and regional impacts of future trade negotiations. This analysis will be conducted in accordance with the principles of transparency set

out in the October 2017 paper 'Preparing for our Future Trade Policy' noting the need to ensure the Departments negotiating position is not undermined.

8.4   The Department is also developing analysis of the role that Foreign Direct Investment plays in the UK economy, including at sector level, in support of the Departments FDI strategy. The Departments Export Strategy will be supported by discussions with a wide range of businesses and the Departments analysis of the key challenges UK firms of all sizes face in fulfilling their potential in global markets and the role that the Government can play in supporting them.

8.5   DIT wrote to the Committee on 9th November with further information on the Export Strategy launched in August 2018, the Foreign Direct Investment Strategy, Trade Policy and the Department's UK-based Sector Teams.

Thirty-Eighth Report of Session 2017-19

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

Adult Social Care Workforce in England

Introduction from the Committee

The adult social care workforce in England comprises around 1.5 million workers across more than 20,000 organisations. In 2016–17, local authorities spent around £15 billion commissioning care, mostly from independent providers. Between 2010–11 and 2016–17, spending on care by local authorities reduced by 5.3% in real terms. Turnover and vacancy rates across the care workforce are high. Care providers have difficulty recruiting and retaining workers, particularly to the roles of care worker, registered manager and nurse. In December 2017, the Department of Health and Social Care began consulting on a new strategy for the care and health workforce. Its previous strategy for the care workforce has not been updated since 2009. The Government has promised a Green Paper by July 2018 on the future funding of adult social care for older adults.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Adult Social Care Workforce in England* – Session 2017-19 (HC 714)
- PAC report: *Adult Social Care Workforce in England* – Session 2017-19 (HC 690)
- Treasury Minutes: July 2018 (Cm 9667)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9667), 6 recommendations remained work in progress, one of which is now implemented, as set out below.

> **1: PAC conclusion:** *Although the Department of Health and Social Care recognises that the adult social care sector is under financial pressure and has been for some years, it currently has no credible plans for how care could be sustainably funded.*

> **1: PAC recommendation:** *The forthcoming Green Paper must not be the start of yet another protracted debate about the future funding of care. The Department should establish quickly the funding local authorities need to commission care at fair prices, to support a workforce of the right size and shape to deliver a sustainable care sector in the long-term. It should publish a credible plan, by the end of 2018, and implement it swiftly.*

1.1   The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2019.

1.2   The upcoming Green Paper, will set out the Department's proposals for reform of the sector to put it on a more sustainable future footing. The right time for agreeing adult social care funding is through the Spending Review process in 2019.

1.3   The Government has already given significant support to local authorities to fulfil their duties. The 2015 Spending Review made funding available to support councils to continue to focus on core services and to increase the prices they pay for care, including to cover the costs of the National Living Wage. The 2015 Spending Review also announced the freedom for councils to raise additional money through the use of the social care precept. Recognising the challenges of an ageing and growing population, the Spring Budget in March 2017 announced a further £2 billion of new funding for social care between 2017-18 and 2019-20, ensuring councils could take immediate action to fund care packages for more people, support social care providers, and relieve pressure on the NHS locally.

1.4   The Local Government Finance Settlement offered local authorities access to a four-year financial settlement, to give greater certainty for financial planning over the current Spending Review period, as well as a further £150 million in 2018-19 through the Adult Social Care Support Grant to support the care market. The Government subsequently announced a further £240 million funding specifically for winter pressures in 2018-19.

1.5   More recently the October 2018 Budget announced £650 million additional funding for social care in 2019-20, of which at least £240m must be used by councils to help support the performance of the NHS. This funding is in addition to funding the Government had already made available to councils: over three years, from 2017-18 to 2019-20, councils have had access to up to £10 billion of additional funding for social care.

1.6   In developing the Green Paper, the Department must consider the many complex issues and listen to the perspectives of experts and care users, building consensus around reforms which can succeed. The Department has been engaging with experts and stakeholders (including representatives of service users, providers, and local government) to inform the proposals for reforming the adult social care system and will continue to through the consultation process. Through these engagements we have examined the issues facing the care system including the future sustainability of the market, that will be explored in the Green Paper. All interested parties will be invited to feed in their views through the Green Paper consultation process.

1.7   The Government will publish the Green Paper at the earliest opportunity, setting out proposals to ensure the adult social care system is sustainable in the longer-term. The Spending Review process will agree social care funding for the Spending Review period, alongside the rest of the local government settlement. As the Government wants to integrate plans for social care with the new NHS plan, the Green Paper has been developed in tandem with the NHS Long Term Plan and reforms brought forward in both documents will improve health and social care as a whole.

> **2: PAC conclusion:** *The Department is not delivering on its overarching responsibility for the care market, despite most providers being dependent on public funds.*

> **2: PAC recommendation:** *Within two months, the Department should write to the Committee to explain how it intends to respond to the findings of the CQC local system reviews; understand how well all local authorities are commissioning care; and develop and improve its role overseeing and engaging with the social care market, with the CQC adequately resourced to carry out any further work.*

2.1   The Government agreed with the Committee's recommendation

Target implementation date: Spring 2019.

2.2   The Department, along with the Ministry for Housing, Communities and Local Government worked closely with the Care Quality Commission (CQC) during early summer 2018 to review their independent findings of the local health and care system reviews, assess the strengths of the methodology used, and develop proposals for further reviews to take place in 2018-19. The findings from the review were published in July 2018 in the CQC's Beyond Barriers report. The Department has since asked the CQC to undertake three additional reviews and three follow up reviews and has confirmed the further continuation of the programme in 2019-20.

2.3   The Department has developed statutory guidance to support local authorities to meet their duties for market shaping set out in the Care Act which includes the commissioning of care.

2.4   The Government is clear that local authorities should have regard to the cost of care when setting fee rates. The Care Act sets out a duty on local authorities to promote an efficient and effective market in the provision of care and support services for people in their area. The Department has developed statutory guidance which makes clear when commissioning care and support service, local authorities should assure themselves of the impact of fee levels on the quality of the care and the effectiveness of the workforce.

2.5   The Government is able to act on its regulatory powers so that Secretary of State through Section 48 of the Health and Social Care Act (2008) can request the CQC to undertake a special review/investigation of a council's delivery and commissioning of its adult social care services functions. CQC is then responsible for reporting its findings to the Secretary of State.

2.6   The Department will use the information provided by the CQC as part of their local system reviews to help identify issues and drive improvements to ensure reliable high-quality care and spread best practice, taking account of these as it develops its proposals for long-term reform as part of the Green Paper.

2.7   The Government has now responded to the report by the Competition and Markets Authority, which provides an important evidence base and recommendations for improvement that will feed in to the Green Paper.

> **3: PAC conclusion:** *Future immigration policy after leaving the EU will potentially affect the care sector.*

> **3: PAC recommendation:** *The Department needs to understand fully the impact that the UK's departure from the EU and future immigration policy, could have on the care workforce at both the national and local levels. It should put plans in place to address any shortfalls that might arise, to ensure that there is a sustainable workforce to meet the populations' future care needs.*

3.1   The Government agreed with the Committee's recommendation.

Target implementation date: December 2019.

3.2   The Government commissioned the Migration Advisory Committee to gather evidence on patterns of EU migration and the role of migration in the wider economy, ahead the UK's exit from the EU. The Migration Advisory Committee published its report on a Future Immigration System on 18 September 2018.

3.3   The Migration Advisory Committee recognised and highlighted concerns about the social care workforce, but was also clear that migration should not be seen as the solution. It highlighted the importance of ensuring that a role in social care be seen as an attractive career option for the domestic workforce, rather than to look for migrants to fill current staffing gaps. The Department acknowledges the need to improve the status of jobs in social care and attract more domestic workers, and will continue to work with the Home Office and other Government Departments to ensure that the future immigration system supports the needs of the health and social care system following the publication of the Immigration White Paper in December 2018.

3.4   The Department is modelling supply and demand and will continue to monitor and analyse overall staffing levels across the NHS and adult social care workforce, working across Government to ensure there will be sufficient staff to deliver the high-quality services on which patients rely following the UK's exit from the EU.

3.5   The forthcoming Social Care Green paper will consider longer term system reform. However, these reforms will take time to implement. The Department is also taking immediate action to improve the attractiveness of social care jobs and launched the national adult social care recruitment campaign on 12 February 2019. The campaign aims to raise awareness of the variety of job opportunities in social care, improve people's perceptions of the sector, and increase consideration and applications from individuals with the right values looking for a new challenge. The campaign will boost domestic recruitment, helping to ensure a more sustainable supply of adult social care staff to provide the services needed now and in the future following the UK's exit from the EU.

> **4: PAC conclusion:** *Most people working in care are unregulated, which limits the development of a well-trained and professionalised workforce.*

4: PAC recommendation: *The Department should set out in the forthcoming workforce strategy how it intends to professionalise the care workforce further and consider a mandatory minimum standard for training as part of this.*

4.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019

4.2   Several professions working in adult social care in England (including social workers, occupational therapists and registered nurses) are professionally regulated but the wider social care workforce in England (including care home workers and domiciliary care) is not.

4.3   The primary purpose of regulation is to protect service users and the public from harm. Regulating a profession can help ensure that practitioners on a register have the skills, competence, health and attitudes that command public trust and service user confidence. However, professional regulation may not always be the most proportionate response. For these professions a different approach, such as a voluntary register accredited by the Professional Standards Authority, may be more appropriate.

4.4   The Department have sought views through our consultation on the adult social care workforce on whether the regulatory framework we have in place is proportionate and will use this evidence as we look to develop further proposals on existing and future policy.

4.5   The fact that social care workers in England are not statutorily regulated in the UK does not mean that the safeguards in place are disproportionate. All professions remain subject to employer checks and controls, social care managers must register with the CQC and all social care workers are expected to achieve a Care Certificate before they can practice without direct supervision.

4.6   The Department is currently undertaking a review of the Care Certificate. Through this work the Department will look to understand how the care certificate is being implemented and where its content and delivery can be strengthened.

4.7   The workforce chapter of the Green Paper and the NHS workforce implementation plan will replace the health and social care Workforce Strategy previously mentioned in the Government's response to the Committee in July 2018.

5: PAC conclusion: *The low amount of funding given to Skills for Care limits the scope and reach of the workforce development initiatives it runs and the extent of its strategic support to the care sector.*

5: PAC recommendation: *The Department should establish and secure the funding Skills for Care needs both to support the training and development of the care workforce fully and to implement the forthcoming workforce strategy.*

5.1   The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2019.

5.2   Improving the capability of the workforce through continued skills development is a vital investment in the future, and helps other people recognise social care as a skilled career option. The characteristics of the workforce, including opportunities for learning and skills development, have a direct relationship with the quality of the care that services users receive.

5.3   The Department continues to fund Skills for Care to enable them to equip the adult social care workforce with the tools and techniques for employers to support effective recruitment practices, and improved retention of the care workforce, including continued professional development. This allows Skills for Care, to deliver initiatives to build sector capability and skills in these areas building on their established track record of effective and efficient delivery. The Department will continue to review what benefit and impacts increased funding would have on the sector, in the context of a spending review in the autumn.

5.4   Skills for Care has a major contribution to make to address and overcome the challenges the Department faces in delivering its adult social care workforce priorities over the next five years due to their unique position within the adult social care sector and they will be a key stakeholder as the Department looks to develop its support for training and development. In addition, in September 2018, the Secretary of State for Health and Social Care launched a national workforce engagement exercise '*Talk Health and Care'.* The responses to this have helped to shape priorities in the forthcoming Adult Social Care Green Paper as well as the NHS Long Term Plan, which was published on 7 January 2019. However, the workforce chapter of the Long Term Plan was the beginning of the planning process. To ensure a detailed plan that everyone in the NHS can get behind, the Secretary of State has commissioned Baroness Harding to lead a rapid and inclusive programme of work to set out a detailed workforce implementation plan to be published spring 2019. This will be supported by a number of Task And Finish Groups, which will include social care representatives in order to ensure NHS workforce plans reflect, complement and support our ambitions for the social care workforce.

5.5   The workforce chapter of the Green Paper and the NHS workforce implementation plan will replace the health and social care Workforce Strategy previously mentioned in the Government's response to the Committee in July 2018.

> **6: PAC conclusion:** *The care workforce suffers from low pay and low esteem, which leads to recruitment difficulties for providers.*

> **6: PAC recommendation:** *The Department and Skills for Care should confirm when they will run the national campaign to promote care. They should ensure it is ambitious in scale and scope, seek to change the public narrative around care from overwhelmingly negative to positive, and have senior involvement from the Department.*

6.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

6.2   In 2017-18 the Department funded Skills for Care to commission an evidence review and consultation to determine the appetite and proposed scope and approach of a national adult social care recruitment campaign. The sector responded enthusiastically and stressed the importance and urgency of a national campaign, delivered at a local level.

6.3   In April 2018 The Department secured £3m funding to launch a national adult social care recruitment campaign and after close engagement with key stakeholders, care providers and users of care services, ran two test and learn pilots in November 2018 in England. This tested which messages, channels and sector engagement methods were effective as an overall campaign approach, to then inform how an optimal and scaled up campaign model could be rolled out nationally across England (with regional and local activation where possible).

6.4   Learning from the pilot evaluations, the Department launched a national adult social care recruitment campaign on 12 February 2019. The campaign aims to raise awareness of the variety of rewarding job opportunities in social care, improve people's perceptions of working in the sector, and increase consideration and applications from individuals with the right values looking for a new challenge. The campaign also signposts to and complements existing guidance on effective recruitment practices and improved retention of the care workforce, supporting providers to run their own local campaigns using the national campaign message and materials.

Thirty-Ninth Report of Session 2017-19

Ministry of Defence

The Defence Equipment Plan 2017-2027

Introduction from the Committee

Since 2012, the Department has published an annual Statement on the affordability of its 10-year Equipment Plan (the Plan). It began to report this after a period of poor financial management, during which a significant gap had developed between its forecast funding and the cost of the defence programme as a whole. The Department's Plan forecasts spend for 10 years and is updated annually. For the 10-year period 1 April 2017 to 31 March 2027, the Department has set an equipment budget of £179.7 billion made up of equipment procurement (£84.8 billion), and support (£88.9 billion) budgets, and a central contingency provision (£6 billion). Managing the equipment and support budget effectively is critical to maintaining the stability of the wider defence budget and ensuring that the Armed Forces have the equipment they need to meet their objectives. The Plan accounts for over 40% of the entire Defence budget.

NAO / PAC Reports and Treasury Minutes

- NAO report: *The Equipment Plan 2017-2027* - Session 2017-19 (HC 717)
- PAC report: *The Defence Equipment Plan 2017 - 2027* - Session 2017-19 (HC 880)
- Treasury Minutes: July 2018 (Cm 9667)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9667), 1 recommendation has been implemented. 5 recommendations remained work in progress, four of which are now implemented, as set out below.

> **1: PAC conclusion:** *The Department faces a significant affordability gap in its Equipment Plan for the next 10 years, but is unable to determine the size of the gap, thereby reducing its ability to make informed decisions about our national defence.*

> **1: PAC recommendation:** *The Department has committed to emerging conclusions from the Modernising Defence Programme (MDP) by early summer. The Department must report those conclusions within three months, including its assessment on timescale for concluding the MDP. At the conclusion of the Programme the Department must be able to show that it has established an affordable programme and a balanced equipment budget, and commit to reporting those results to Parliament at the earliest opportunity.*

1.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2   The Department published its report on the *Modernising Defence Programme (MDP)* on 18 December 2018 and informed Parliament of the conclusions in an oral statement to the House.

1.3   The MDP has affirmed the central elements of defence strategy, guided investment in new and existing capabilities, and updated its key policies.   The Department will report on the implications of the MDP for equipment in the annual Equipment Plan Summary following agreement of any equipment changes. The additional £1.8 billion for Defence announced in the Autumn Budget is a substantial boost that allows the Department to keep on track to deliver the right defence in the challenging decade ahead.

1.4   The Department remains committed to reporting to Parliament on the established affordable programme and equipment budget.

> **2: PAC conclusion:** *The Department's current approach to planning for equipment does not reflect the continually changing nature of the defence landscape, reducing its ability to be well placed to deliver the future defence capability needed.*

> **2: PAC recommendation:** *The Department's Modernising Defence Programme and its future Equipment Plans should set out how it will balance the need to develop long term capability with the challenges of maintaining sufficient flexibility to respond to changes in the defence landscape.*

2.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2   The 2015 Strategic Defence and Security Review (SDSR) recognised the changing threat landscape and invested in a range of capabilities that will address those threats. Many of the Department's capabilities have broad utility and will be able to adapt to evolving threats. However, the Department recognises that the pace at which the global strategic context is changing requires a greater degree of agility in defence planning.

2.3   The National Security Capability Review (NSCR) was commissioned to identify how best the Department can apply the national security apparatus to the growing challenges. The MDP continues the defence strand of the NSCR, further strengthening and modernising defence in response to the more complex challenges now facing. The Department published its report on the MDP on 18 December 2018, informing Parliament of the conclusions in an oral statement to the House.

2.4   The MDP sets out a vision for the further adaptation and modernisation that the Department will explore alongside other national security priorities in next year's Spending Review. As part of that vision, the Department is investing more effort in identifying and pursuing opportunities for innovation, so that the Department will be able to exploit opportunities for modernisation aggressively and accept higher risk in pursuing novel ideas, driving operational advantage and overall affordability.

> **3: PAC conclusion:** *The Department's Equipment Plan is characterised by significant cost optimism bias arising from weaknesses in the Department's cost management.*

> **3: PAC recommendation:** *The Department needs to improve its management of the Plan to ensure that the next Plan is comprehensive, has much greater clarity around costs and spending, and all elements are realistically and fully costed.*

3.1   The Government agreed with the Committee's recommendation

Recommendation implemented.

3.2   The Department has substantially revised the Equipment Plan publication. The Department has ensured the current plan has comprehensively and clearly presented the nature and scale of challenges the department is facing. The National Audit Office (NAO) have echoed this in their report. The Department is reviewing its approach to risk, in-line with recommendations from the NAO.

> **4: PAC conclusion:** *The biggest risk to the Equipment Plan is the cost of the nuclear programme.*

> **4: PAC recommendation:** *The Department needs to improve its control of the costs of its nuclear projects and to report more transparently, including reporting the impact of cost increases and the interdependencies of projects.*

4.1   The Government agreed with the Committee's recommendation

Target implementation date: October 2019.

4.2   The Department has started to implement a range of organisational, structural and process changes to strengthen its ability to control costs in the nuclear programme. Building on the newly established Defence Nuclear Organisation, with responsibility across the nuclear enterprise, we are developing a more coherent approach to governance, risk management and programme delivery. We have established the Submarine Delivery Agency, in order to better manage industry to schedule and cost. The Agency has the authority and freedom to recruit and retain the best people to manage the submarine enterprise, and we have appointed an experienced Chief Financial Officer to drive improvements and greater control to financial management. In addition to these structural changes, the Department has introduced improved financial processes to cost the nuclear programme, and report management information against milestone delivery.

4.3   The Department remains committed to transparency on the nuclear enterprise, updates Parliament annually on the future nuclear deterrent and will continue to report progress through the Infrastructure and Projects Authority publication.

> **5: PAC conclusion:** *The Department is not sufficiently open with Parliament to allow us and the taxpayer to have a clear view of its finances.*

> **5. PAC recommendation:** *The Department should write back in three months committing to the specific improvements it will make in providing information to Parliament, including how it will provide regular and informative updates on the cost and progress of the F-35s. The Department should consider an annual summary to Parliament.*

5.1   The Government agreed with the Committee's recommendation

Recommendation implemented.

5.2   The Department has revised the Equipment Plan financial summary to reflect the Committee's recommendations, and as noted by the NAO made good progress in a number of these areas.

5.3   On 17 August 2018, the Department published its first six-monthly update concerning F-35 procurement to the House of Commons Defence Committee (HCDC) and the Committee. The update not only included a general programme progress report, but also included detailed information surrounding programme costs, approvals, and details of external programme scrutiny. The next six-monthly update is due to be published in February 2019.

5.4   The Department briefed the HCDC and the Committee on the F-35 Programme on 20 November 2018. The briefing covered information on a breadth of topics including: current programme approvals; aircraft cost; sustainability; future aircraft buys and United Kingdom industrial participation.

Fortieth Report of Session 2017-19

Department for Business, Energy and Industrial Strategy

Renewable Heat Incentive in Great Britain

Introduction from the Committee

The Department for Business, Energy and Industrial Strategy launched the Non-domestic and Domestic Renewable Heat Incentive (RHI) schemes in Great Britain in 2011 and 2014 respectively. Their objectives are to increase the production of renewable heat and reduce carbon emissions in Great Britain, and to develop domestic supply-chains of renewable and low-carbon heat. These objectives are designed to help the UK meet its ambitious targets for producing renewable energy (sourcing 15% of energy demand from renewables by 2020) and reducing carbon emissions (reduce greenhouse gas emissions by at least 80% by 2050 compared to levels in 1990). The independent Committee on Climate Change advise that meeting long-term carbon targets may be impossible without a near complete elimination of carbon emissions produced by heating homes and businesses, the majority of which currently use fossil fuels.

The Renewable Heat Incentive is designed to encourage households and businesses to switch from fossil fuel heating systems to renewable and low-carbon alternatives. It provides funding to participants to invest in a range of technologies including biomass boilers, heat pumps and anaerobic digestion plants, which produce biomethane injected into the natural gas grid. The costs of the RHI are met by the UK taxpayer from general taxation, unlike most other schemes to support low carbon sources of energy which are funded through people's energy bills.

The RHI is a demand-led scheme which, although it can be accessed by anyone, is targeted at those households and businesses which are not connected to the gas grid. Of the 26 million homes and 5.6 million businesses in Great Britain, the majority are on the gas grid. Around 1.1 million homes and 62,000 business premises are off the gas grid and use oil and liquefied petroleum gas for heating. The RHI is open to new applications until March 2021. Final payments to participants in the current scheme will run to at least 2040–41, by which time the scheme is expected to have cost the taxpayer £23 billion.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Low carbon heating of homes and businesses and the Renewable Heat Incentive* - Session 2017-19 (HC 779)
- PAC report: *Renewable Heat Incentive in Great Britain* – Session 2017-19 (HC 696)
- Treasury Minutes: July 2018 (Cm 9667)

Update to the Government response to the Committee

There were ten recommendations in this report. As of the last Treasury Minute (Cm 9667), one recommendation has been implemented with nine remaining work in progress. Six of these of are now implemented, three remain work in progress as set out below.

> **1: PAC conclusion:** *As the Committee found with the Green Deal, the Department for Business, Energy and Industrial Strategy's forecasts of take-up of the Renewable Heat Incentive (RHI) were wildly optimistic, but it has not made efforts to understand why.*

> **1a: PAC recommendation:** *The Department should write to the Committee demonstrating how a future heat strategy will be underpinned by joined up policy making across Government informed by robust consumer market research.*

1.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented

1.2   The *Department wrote to the Committee* in December 2018, describing the holistic view it is

taking to develop future heat policies, engaging with teams within the Department and across the wider government. The Department has worked with officials in the United Kingdom devolved administrations to ensure policies in Scotland, Wales and Northern Ireland complement each other and the shared heating industry. Learning points from the ongoing evaluation of the Renewable Heat Incentive scheme (RHI), following reforms announced in 2016, have been applied to development of this future heat policy.

1.3   The Department has commissioned further market research to plug gaps in its understanding and to seek early views on aspects of policies from stakeholders. The Department has also published nine new, externally commissioned technical reports in 2018, to inform policy development for long-term heat decarbonisation options.

1.4   The Department is also engaging regularly with consumers, using an online panel to collect views on moving to low carbon heating. The Department continues to improve its understanding of implications of moving towards low carbon heating for different groups of consumers and is gathering further evidence from academic research, stakeholders and consumer advice groups.

1.5   The *Government response to the Future Frameworks for Heat in Buildings Call for Evidence* proposes public consultations in 2019, on regulatory scenarios for heat decarbonisation in the 2020s and the new installation skills and training requirements that will be needed to allow this to take place successfully.

> **1b: PAC recommendation:** *The Department should write to the Committee by September 2018 to explain what it will do differently in the future across all of its major projects and programmes to address its track-record of optimism bias.*

1.6   The Government agreed with the Committee's recommendation.

Recommendation Implemented

1.7   The *Department wrote to the Committee* in September 2018   regarding progress made in improving scrutiny and assurance, by introducing the Key Holder Assurance Process, with effect from July 2018. This process has successfully increased the quality of business case submissions and the robustness of investment decisions.

1.8   The Department also launched a database which will map ex-ante and ex-post costs on all projects, with the aim of measuring optimism bias on the project.

> **2: PAC conclusion:** *Take-up of the RHI was woefully low in large part because the Department failed to understand what consumers want and the barriers to participation in the scheme.*

> **2a: PAC recommendation:** *As part of its new framework to support heat policy, the Department should address the issues of affordability for people less able to pay upfront costs, and how best to inform and influence the homeowners being targeted.*

2.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

2.2   The Department understands that a key barrier for consumers preventing them from taking up clean heating technologies is the difference in cost between common current technologies and clean alternatives. The *Government Response to the Future Framework for Heat in Buildings Call for Evidence* (The Response) sets out the role for regulation as part of a package of measures required to overcome these barriers. The Response also asked for opinions on the scope to reduce these costs and how the government and heating industry can influence consumer behaviour. Future actions to lower costs by both the government and the heating industry are being considered, and consumer groups will be engaged as the policy develops.

2.3   The Department is committed to ensuring adequate provision for the most vulnerable households

and it will ensure that whatever policy is decided upon the rights of the most vulnerable will be safeguarded. The Department understands that it needs to communicate clearly the messages on the phasing out of high carbon heating technologies, including in off gas grid areas. Working with other government departments and industry and consumer groups, the Department will ensure there is a common and consistent message.

2.4   The Department also recognises that installers and heating engineers will act as a vital gateway between industry and government, and the consumers, as they are seen as the most trusted source of information. The Department will be looking into how it can best support installers to help consumers make sustainable decisions and invest in low carbon heating. This will build on the significant installer engagement developed during the Boiler Plus policy.

2.5   The Department introduced the Simple Energy Advice service[44] in conjunction with industry, based on extensive consumer research. The service, which launched in May 2018, provides tailored information and recommendations to consumers, by way of a call centre, to ensure all consumers receive impartial, trusted advice on energy efficiency.

> **3: PAC conclusion:** *The Department has failed to meet its objectives for the Renewable Heat Incentive or to provide value for money for the £23 billion cost to taxpayers.*

> **3: PAC recommendation:** *The Department should ensure energy efficiency policy is integral to future plans for heat in buildings and show how they will work alongside each other and be cost effective. The Department should write to the Committee by the end of 2018, or as part of its published response to its call for evidence on a Future Framework for Heat in Buildings (whichever is earlier), explaining what lessons it has learned from the RHI, how it is applying those lessons in its future plans for heat in buildings and how it will ensure there is a smooth transition from the current RHI to the successor policy.*

3.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented

3.2   The Government agrees that energy efficiency measures are integral to meet the challenge of carbon targets. The *Department wrote to the Committee* in December 2018, setting out its commitment to ensure that heat demand of buildings is reduced, where possible through improved energy efficiency, and outlining its aspirations for future policies. This included details of the aspiration in *the Clean Growth Strategy*, which included the commitment to setting longer term energy performance standards across domestic private and social rental sectors. The Department plans to put proposals out for consultation in Spring 2019. The Department is also evaluating the responses to the *Building a Market for Energy Efficiency Call for Evidence* which closed in January 2018 will be developed into an action plan to set out a range of measures to shape the market for the future, embedding the holistic view of heat and energy efficiency.

3.3   The Department has learned valuable lessons from previous policies on heat decarbonisation, including the RHI, which has provided learning on how to structure incentive schemes, how to influence consumer behaviour and reduce barriers to uptake of renewable and low-carbon heating technologies.

3.4   In the letter of December 2018, the Department explained how it plans to apply this knowledge to future policies that will affect consumers. Responses to the Future Framework call for evidence made it clear that to achieve its aims, the government needs to provide certainty to businesses, consumers and other decision makers in the supply chain.

> **4: PAC conclusion:** *Despite the scheme having a clear objective to develop Great Britain's supply-chain for renewable and low-carbon heat, the Department has no specific goals, measures or milestones to assess progress.*

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[44] www.simpleenergyadvice.org.uk

> **4: PAC recommendation:** *The Department should, by the end of 2018, or as part of its published response to its call for evidence on a Future Framework for Heat in Buildings (whichever is earlier), set and publish clear and specific goals, measures and milestones for developing the low-carbon heating supply-chain within the RHI, any successor policies and its parallel project on heat networks.*

4.1   The Government agreed with the Committee's recommendation.

Target implementation date: April 2019

4.2   The Government accepts that supply chain development will be essential for the successful delivery of a future heat strategy and agrees more can be done to improve the current assessment of the low carbon heat supply chain.

4.3   There are a range of factors that influence renewable heat supply chains, for instance oil prices, Government policy and consumer demand. Therefore, the Department uses a basket of measures to assess supply chain heath. It also uses a range of qualitative information to draw conclusions, as well as market intelligence from engagement with stakeholders within the renewable heating industry.

4.4   The Department has taken steps to augment the metrics it utilises and has identified potential new metrics, covering additional parts of the supply chain; suppliers, manufacturers, distributers, installers, innovation and finance, with appropriate benchmarks and comparison data being considered. Further analytical review is necessary before specific goals and measures can be published, as these metrics currently rely on incomplete data, as compared to wider heat supply chains, such as gas and oil boilers, these supply chains are relatively new and fragmented.

4.4   The Department expects that the final, refined basket of metrics will include both core metrics that apply generally across the low carbon heat supply chain and metrics which provide more specific insight into particular policy outcomes. This would take into account the different focus and timelines for delivery of policies. The Department is committed to publishing clear and specific goals, measures and milestones to support the development of the low carbon heating supply chain, within the RHI by April 2019. By making use of additional metrics, the Department will also be able to provide measures for successor policies and parallel projects, such as the Department's work to encourage the uptake of heat networks.

> **5: PAC conclusion:** *The Department and Ofgem do not understand the impact on air quality of installations funded by the RHI.*

> **5a: PAC recommendation:** *The Department should write to the Committee by September 2018 to explain how it is improving its understanding of the impact on air quality of installations funded by the RHI.*

5.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented

5.2   The *Department wrote to the Committee in September 2018,* providing an explanation of the steps it has taken to improve its understanding of the impact on air quality of installations funded by the RHI. The Government has established the cross-government Working Group on Air Quality, to consider the impact of RHI funded installations. The group oversees cross-Whitehall efforts to strengthen enforcement of standards and cross-government co-ordination for existing RHI funded installations and to build evidence on air quality impacts of the RHI.

> **5b: PAC recommendation:** *Ofgem should write to the Committee by September 2018 to explain how it is actively helping Local Authorities and other relevant public bodies tackle air pollution due to RHI installations.*

5.3   The Government agreed with the Committee's recommendation.

Recommendation Implemented

5.4   The *Department wrote to the Committee in September 2018* with information about Ofgem's activity with local authorities and other relevant public bodies, to tackle air pollution due to RHI installations.

5.5   As a data controller, Ofgem has to treat data in a responsible way, and the implementation of General Data Protection Regulations puts even greater emphasis on the processing and storing of personal data. As a member of the cross-Government Working Group on Air Quality, Ofgem are working with other departments and local authorities to prepare a formalised data sharing agreement, which will allow Ofgem to share data with other bodies within the group. They are also conducting collaborative site visits for installations wishing to be accredited under the RHI..

6: PAC conclusion: *Rates of non-compliance are too high and the Department has no estimate of the potential cost of participants gaming the RHI.*

6a: PAC recommendation: *The Department should publish its estimates of the impact of fraud and non-compliance across the whole RHI population in 2017–18 no later than by the end of 2018, and continue to do so annually over the remaining life of the RHI.*

6.1   The Government agreed with the Committee's recommendation.

Target implementation date: April 2019.

6.2   The Department and Ofgem are working closely together to ensure scrutiny of the RHI's fraud and non-compliance processes.

6.3   This has resulted in the Department's statistics team carrying out a review into 2017 to 2018 non-compliance figures, and with independent advice obtained by Ofgem, has resulted in improvements to the methodology in place for 2018-19, which has been agreed by Ofgem and the Department's RHI Project Board.

6.4   Enhanced oversight arrangements have also been implemented, consolidating previous arrangements into a formal quarterly meeting, to discuss fraud, non-compliance and gaming. Recent cases and audit findings are reviewed and discussed, to identify the root causes of fraud and ensure effective management of those issues. Data is also fed back, which will provide quantifiable improvement information.

6.5   The Department remains committed to meeting the Committee's recommendation and will publish the first of its annual estimates of the impact of fraud and non-compliance across the whole of the RHI population in April 2019, to align with the close of the financial year.

6b: PAC recommendation: *The Department and Ofgem should write to the Committee by September 2018 to explain how they plan to measure the impact of gaming, and how this will enhance the effectiveness of compliance activity.*

6.6   The Government agreed with the Committee's recommendation.

Recommendation Implemented

6.7   The *Department wrote to the Committee in September 2018* setting out in detail the actions it has taken with Ofgem to improve the assessment of the impact of gaming on the RHI, and how this will enhance the effectiveness of compliance activity.

6.8   Ofgem have introduced a new strategy aiming to reduce the amount of fraudulent activity, quantify non-compliance and establish the root causes of fraud and error across all environmental and social schemes that Ofgem delivers on behalf of the Government. Specific measures implemented by Ofgem will improve the Department and Ofgem's ability to identify and tackle gaming and non-compliance.

Forty-Second Report of Session 2017-19

Home Office

Modernising the Disclosure Barring Service

Introduction from the Committee

The Home Office helps safeguard children and vulnerable adults by providing employers with a service that lets them see safeguarding information, such as details of criminal records, about people who want to work with children or vulnerable adults. Employers use this service to help them decide who to employ. The safeguarding service is run by the Disclosure and Barring Service (DBS), an arm's length body set up by the Home Office in 2012. When DBS was created, the Home Office wanted to modernise what was previously a paper-based service and launch a new product, the update service, that it assumed people would choose to use in large numbers. Together, these were intended to make DBS cheaper to run for both government and DBS's customers and to provide a better service for employers and the individuals whose records are checked.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Investigation in to the Disclosure and Barring Service* - Session 2017-19 (HC 715)
- PAC report: *Modernising the Disclosure and Barring Service* - Session 2017-19 (HC 695)
- Treasury Minutes: July 2018 (Cm 9667)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9667), the Department disagreed with 1 recommendation. 5 recommendations remained work in progress, one is now implemented, as set out below.

> **1: PAC conclusion:** *The modernisation of DBS is currently over four years late and £229 million over its original budget, with no agreed date for completion.*

> **1a: PAC recommendation:** *The Home Office should write to the Committee before Parliament's summer recess, setting out the outcome of the negotiations with TCS, a clear and realistic timetable for when modernisation will be completed, and details of the cost implications for DBS and the Home Office.*

1.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020

1.2   DBS wrote to the Committee before Summer recess and again in Autumn 2018 confirming that DBS has exercised its unilateral right to extend the contract to allow an orderly exit from the agreement with TCS. DBS has sought to stabilise the existing services whilst procurement for a new supplier is conducted.

1.3   DBS remains committed to modernisation. DBS has learnt from previous experience and will approach future modernisation in incremental steps with the new provider.

1.4   Once exit and transition is completed an assessment of the benefits delivered will be undertaken and shared with the Committee by Spring 2020.

> **2: PAC conclusion:** *This is another example where the Home Office has failed to deliver a major project.*

> **2: PAC recommendation:** *The Home Office urgently needs to conduct a full lessons learnt exercise, setting out what it has learnt from the issues arising from its two biggest projects and how these lessons will be applied to its other major projects.*

Target implementation date: Summer 2019

2.2   Procurement lessons have been considered by the Department and DBS, and these have informed the current procurement exercise including separating out technical services from operational services and seeking an incremental approach to modernisation. Other learning, for example on the benefits of an incremental approach to modernisation, has been captured as part of regular review of the departmental change portfolio and used to strengthen departmental practice on an ongoing basis.

2.3   The Department remains committed to conducting a full lessons learned exercise and will initiate an evaluation, and update the Committee in Summer 2019.

> **4: PAC conclusion:** *The programme has not delivered the safeguarding and financial benefits promised in 2012.*

> **4: PAC recommendation:** *DBS should write to the Committee before Parliament's summer recess setting out precisely what, if any, benefits the programme will achieve by March 2019, how these will be tracked and measured, and how much of what was promised in the original business case will no longer be delivered before the contract ends.*

4.1   The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2019.

4.2   Further to the update provided before Summer recess, once contractual exit and transition is completed the business case (which covers the setup of DBS, implementation of the Update Service, TCS modernisation programme and the operating costs to run DBS) will be formally closed and an assessment of the benefits delivered will be undertaken which will be shared with the Committee.

> **5: PAC conclusion:** *The Home Office introduced the update service without a sound idea of demand or whether customers would use it, and the DBS is only now starting to look at why it is not popular.*

> **5: PAC recommendation:** *Before making changes to future public services, the Home Office should undertake a proper and robust forecast of user needs and demand. The Home Office should also confirm that it does have a role in assessing how organisations use the information it provides to ensure the most efficient and effective use of public resource. For the update service, DBS should now conduct such an assessment and write to the Committee setting out how the update service will be improved as a result.*

5.1   The Government agreed with the Committee's recommendation

Recommendation implemented.

5.2   DBS has shared with the Committee the findings from its assessment following a survey of users and employers. The DBS will implement operational improvements.

5.3   The DBS Ipsos Mori Customer Satisfaction Survey includes questions about user experience of DBS services, and the Department works with DBS to ensure the results of these surveys inform an efficient and effective service.

> **6: PAC conclusion:** *DBS has failed to deliver promised savings to customers while building up a £114 million surplus at their expense.*

> **6: PAC recommendation:** *As a matter of urgency, DBS should review the fee structure for all its products to consider how it can provide the same level of service at a lower cost for customers.*

6.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

6.2   DBS conducts an annual fee review and has commenced work on its pricing strategy for the financial year 2019-20 and onwards. A key part of this work is consideration of whether fees can be reduced whilst maintaining or improving current levels of service and ensuring that all product cost are properly captured. The Department will write to the Committee in Spring 2019 with further details on the timetable for implementation.

Forty-Third Report of Session 2017-19

Department of Health and Social Care

Clinical correspondence handling in the NHS

Introduction from the Committee

Up to 31 May 2015, NHS Shared Business Services (NHS SBS) was one of a number of NHS and private providers responsible for redirecting correspondence about patients that was sent to the wrong GP. In March 2016 NHS SBS informed NHS England and the Department of Health that it had discovered a backlog of approximately 435,000 items of unprocessed clinical correspondence. The Committee took evidence on this issue in October 2017 and issued a report on 29 November 2017.

During the course of that inquiry NHS England informed the Committee that it had discovered a new backlog of 162,000 items of clinical correspondence that had not been redirected. NHS England stated that a small proportion of GPs had not been complying with guidance and had erroneously been sending clinical correspondence and other material to Capita, the current provider of primary care support services. NHS England is responsible for arranging primary care support services in England and for the process for redirecting clinical correspondence.

In May 2015, NHS England introduced new arrangements and since that date GPs are to return misdirected correspondence to the sender. At the Committee's March 2018 evidence session, the Committee examined how NHS England had allowed another backlog of unprocessed clinical correspondence to accumulate.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Investigation into clinical correspondence handling in the NHS* - Session 2017-18 (HC 778)
- PAC report: *Clinical correspondence handling in the NHS* – Session 2017-19 (HC 929)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 4 recommendations in this report. As of the last Treasury Minute (Cm 9702), 4 recommendations remain work in progress, three are now implemented as set out below.

> **1: PAC conclusion:** *NHS England understated the problem at our evidence session in October 2017 by not disclosing the full extent of the new backlog of clinical correspondence.*

> **1: PAC recommendation:** *NHS England should write to the Committee in November 2018 and again in May 2019 with an update on the total number of items of misdirected correspondence identified to date; the size of the current backlog of unprocessed correspondence; any new backlogs of misdirected correspondence that have been identified since our March 2018 evidence session; and an update of its assessment of whether there has been harm to patients.*

1.1   The Government agrees with the Committee's recommendation.

Target implementation date: May 2019

1.2   NHS England wrote to the Committee in January 2019 to provide an update on the misdirected correspondence.

1.3   The total number of items of misdirected correspondence identified to date stands at 1,139,494 documents (708,259 SBS incident, 423,784 PCS incident and 7,451 additional SBS items related).

1.4   Of the 423,784 PCS cases, we are awaiting further information on 8 cases to complete the review.

1.5   During the decant of the SBS historic archive, 11 boxes of clinical notes were identified in November 2018. The 7,451 items were reviewed by a clinician and 26 items were deemed to require GP action. These items were repatriated to GP practices in December 2018. The patients' GP have confirmed no harm for 12 of these cases. A further 9 cases require central clinical review, and the remaining 5 cases are awaiting GPs responses.

1.6   NHS England will write to the committee with a final update in May 2019.

> **2: PAC conclusion:** *NHS England has not communicated effectively with GP practices about how they should handle misdirected clinical correspondence.*

> **2: PAC recommendation:** *NHS England should set out in its November 2018 update what it has done differently to ensure that its planned communication campaign is more effective than the last, as well as the impact the campaign is having on reducing the volume of correspondence that GPs are sending to Capita in error.*

2.1   The Government agrees with the Committee's recommendation.

Recommendation implemented

2.2   NHS England wrote to the committee in January 2019 with an update.

2.3   NHS England has undertaken comprehensive communications to remind GP practices of the correct procedures for handling clinical correspondence. Messaging was added to the PCSE website in early summer 2018 meaning searchable guidance is readily available to practices who have queries. This was supplemented by messaging issued directly to GP practices via the monthly PCSE bulletin in August and October 2018. Further, the importance of following the correct procedures for clinical correspondence was covered in a number of trade publications over the summer. This approach was discussed with the BMA in advance to help improve the effectiveness of the communications.

> **3: PAC conclusion:** *NHS England expects to spend £2.4 million attempting to resolve misdirected correspondence because some GP practices are not handling clinical correspondence correctly.*

> **3: PAC recommendation:** *NHS England should report back to the Committee by November 2018 on what it is doing to identify consistently non-compliant GP practices and how it is going to work with GP representative bodies to ensure GP practices are following the correct correspondence handling procedures.*

3.1   The Government agrees with the Committee's recommendation.

Recommendation implemented

3.2   NHS England wrote to the committee in January 2019 with an update.

3.3   Each month, around 600 practices are identified as responsible for sending items incorrectly, of which around 200 are practices who have sent items incorrectly on more than one occasion. This is out of a total of around 7,500 practices in England, confirming that the majority of practices are following the correct procedures.

3.4   Further communications were undertaken during November with Clinical Commissioning Groups and stakeholder bodies to reinforce the practice-wide messaging re-issued in October and more targeted communications are being undertaken with local teams and CCGs regarding the non-compliant practices to supplement the wider messaging.

3.5   We are working with PCSE to establish regular analysis and reporting mechanisms to embed the process of highlighting errors back to practices. NHS England worked with the BMA to help ensure the recent communications campaign was effective in reaching GP practices, to ensure correct procedures are being followed.

> **4: PAC conclusion:** *The problem got worse and remedial action for patients was delayed because it took NHS England too long to escalate the issue internally.*

> **4: PAC recommendation:** *In its November 2018 update, NHS England should set out what it has done to ensure that issues and risks get escalated promptly in the future.*

4.1   The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2   NHS England wrote to the committee in January 2019 with an update.

4.3   NHS England has agreed a closer risk and issue management process with PCSE to ensure prompt escalation. This includes a joint risk log to identify and take action on emerging risks, and a reinforced incident reporting regime to ensure incidents are reported and escalated in a timelier manner. There is evidence that this approach is working effectively to escalate risks and issues more promptly.

Forty-Fourth Report of Session 2017-19

Department for Health and Social care

Reducing emergency admissions

Introduction from the Committee

NHS England defines an emergency admission to be "*when admission is unpredictable and at short notice because of clinical need*". In 2016–17, there were 5.8 million emergency admissions, up by 2.1% on the previous year. The growth in emergency admissions is mostly made up of older people. NHS England and partners have developed a number of national programmes that aim, among other objectives, to reduce the impact of emergency admissions. These programmes include the urgent and emergency care programme, the new care models, and the Better Care Fund. There has also been an increase in the number of people being readmitted in an emergency shortly after an initial inpatient stay. Readmission rates can indicate the success of the NHS in helping people to recover effectively from illnesses or injuries. One study estimates that emergency readmissions have risen by 22.8% between 2012–13 and 2016–17 but NHS England does not itself record readmission rates.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Reducing emergency admissions* - Session 2017-19 (HC 833)
- PAC report: *Reducing emergency admissions* - Session 2017-19 (HC 795)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9702), 1 recommendation has been implemented. 4 recommendations remained work in progress, two of which are now implemented as set out below.

> **1: PAC conclusion:** *Nearly one and a half million emergency admissions could be avoided with better preventive care outside hospitals.*

> **1: PAC recommendation:** *NHS England should identify gaps in capacity in primary and community health care and set out how it intends to fill those gaps. It should also consider the impact of pressures on social care provision on emergency admissions and use this understanding to inform discussions with the Ministry of Housing, Communities and Local Government and HM Treasury about the Green Paper on future funding of social care.*

1.1   The Government agreed with the Committee's recommendation.

Target implementation: Autumn 2020.

1.2   The Department of Health and Social Care's Secretary of State gave evidence to the Health and Social Care Committee on 24 July 2018 confirming that one of his early priorities was prevention, including treating people more in the community rather than hospital, and preventing them needing hospital treatment. The NHS funding settlement for 2019-24 provides an increase of £33.9 billion in cash terms by 2023/24 and the associated Long-Term Plan, published in January 2019, included better prevention of ill-health, and the better integration of health and social care.

1.3   The NHS Long Term Plan and the upcoming Adult Social Care Green Paper have been developed in tandem and both documents aim to reform and improve health and social care.   The Green Paper is being finalised and remains a priority for the Government - it will be published at the earliest opportunity. Projects such as the roll out of the Enhanced Health in Care Homes model will ensure stronger links between primary care networks and their local care homes.

1.4   The DHSC and MHCLG commissioned the Care Quality Commission (CQC) to conduct Local

System Reviews to specifically to address issues around the interface between health and social care in 20 challenged areas. The CQC published "Beyond barriers: how older people move between health and care in England' setting out the review's key findings in July 2018. In September 2018, the CQC were asked to review another three areas and follow-up on three previous areas. All these reports have now been published on the CQC's website https://www.cqc.org.uk/local-systems-review

1.5 The Urgent and Emergency Care programme is a national workstream that aims to ensure that patients get the right care in the right place, whenever they need it, reducing demand for A&E services by providing access to alternative healthcare and improving hospital flow in the following ways:

- extended GP access is increasing the availability of routine appointments in the evening and at the weekend.
- NHS111 is being developed so that it becomes an integrated urgent care service. By increasing clinical input into calls it aims for a 'consult and complete' model.
- NHS 111 Online will enable patients and the public to access part, or all, of the clinical triage process currently delivered through the NHS 111 telephone service.
- Urgent Treatment Centres (UTCs) are being rolled out with nationally consistent services for minor illness and injuries. The NHS Long Term Plan states that there are currently 110 UTCs in operation.

1.6 NHS England is working with Health Education England (HEE) to develop further education and career progression opportunities within the community nursing workforce to upskill and support retention of staff in this sector. Social care services need to ensure appropriately skilled staff can prevent unnecessary admissions from care homes.

1.7 NHS England recognises the inter-dependency between social care services and different parts of the health system and is working with other Government Departments to ensure the interactions are considered between the NHS long term plan and the forthcoming social care Green Paper.

1.8 NHS England continues to work with NHS Digital to develop the Community Services Data Set (CSDS). The next phase is planned to deliver in the autumn of 2020 to enable NHS Digital to link datasets and provide greater detail to identify activity across the system in community health services.

> **2: PAC conclusion:** *Rising bed occupancy rates further jeopardise hospitals' ability to cope with emergency admissions.*

> **2: PAC recommendation:** *NHS England's and NHS Improvement's regional teams should assess the capacity that hospitals need in terms of beds, staff and funding to deal with emergency admissions throughout the year. The Committee has previously highlighted the need for Trusts to have greater certainty earlier in the year of additional funding to cope with winter pressures.*

2.1 The Government agreed with the Committee's recommendation.

Recommendation Implemented

2.2 Every trust developed a 2018-19 plan setting out expected demand, activity levels, bed and workforce capacity, and financial position. These plans were assured by trust boards and reviewed by NHS Improvement.

2.3 The Government increased NHS funding by £1.6 billion during 2018/19 to support A&E and elective care services throughout the year. Building on this, and in advance of winter, more than £420 million was provided to help specific areas:

- £240 million for adult social care – allowing councils to provide care for 40,000 more people;

- £145 million in capital funding to help winter improvements in hospitals – including upgraded wards and redeveloped A&Es - the benefits of which the NHS expects will bring the equivalent of an additional 900 beds; and;

- £36.3 million was invested into the ambulance services for new vehicles and 'make-ready hubs'. This paid for more than 250 new ambulances, with 100 delivered before Christmas Eve.

2.4   NHS Improvement is supporting trusts to increase bed capacity through a reduction in the number of patients staying in an acute hospital for over 21 days. Through this work the NHS has freed up over 1,900 beds compared to a 2017/18 baseline, and helped to reduce the risk of avoidable harm to those patients who are most vulnerable to prolonged hospital stay.

2.5   Work is continuing across health and social care to reduce delayed transfers of care (DTOC) and free up bed capacity. Data for December 2018 showed DTOC accounts for 4,173 occupied beds per day – a decrease of 2,487 per day against the February 2017 baseline.

> **3: PAC conclusion:** *NHS England has not systematically engaged with the voluntary sector to understand fully the importance of its support in reducing emergency admissions.*

> **3: PAC recommendation:** *The Department should encourage better sharing of best practice on how the voluntary sector supports health and social care efforts to reduce emergency admissions and understand the reliance the system has on the sector. It should report back to the Committee on this.*

3.1   The Government agreed with the Committee's recommendation.

Recommendation Implemented

3.2   Since April 2017, NHS England has coordinated a Voluntary, Community and Social Enterprise (VCSE) hospital discharge working group. This group brings together statutory partners, the Care Provider Alliance and national VCSE organisations such as British Red Cross and the National Association for Voluntary and Community Action to work on supporting hospital discharge and admission avoidance. The group shares existing good practice schemes, enabling voluntary sector bodies to join together to deliver programmes. Better Care Fund Plans for 2017-19 were required to be drawn up with the involvement of VCSE partners.

3.3   In 2017, the Department launched the health and wellbeing fund grant scheme, themed for its first year on social prescribing. Social prescribing is a means of enabling GPs and other frontline healthcare professionals to refer people to 'services' in their community instead of offering only medicalised solutions. Voluntary, community and social enterprise organisations were invited to apply and 23 successful schemes have been selected for funding with around £4.5 million to support the schemes. Many of these programmes work in conjunction with GPs and hospitals to identify patients who regularly access services, including A&E, and offers support to improve self-care and health and wellbeing generally. 22 of the 23 social prescribing schemes have received their first payment to launch, having provided the necessary documentation (including a risk and information sharing agreement, and memorandum of understanding, signed by local partners).

3.4   The Department is using the Health and Wellbeing Fund projects to add to the evidence base, and has commissioned an independent evaluation of the Health and Wellbeing Programme The evaluator is working with NHS England to develop a Common Outcomes Framework for social prescribing to enable consistent measurement of the impact on: the person; the health and care system; and on Voluntary sector organisations receiving referrals.   The Framework will enable local social prescribing connector schemes across the country to capture core impact data, to create a consistent evidence base, and build a national picture on the impact of social prescribing.

3.5   As part of the Government's Loneliness Strategy (15/10/18), NHS England set out a wide range of actions as part of its ambitions to upscale social prescribing to ensure that by 2023, all local health and care systems would be supported to implement social prescribing connector schemes across the whole country, supporting government's aim to have a universal national offer available in GP practices. Other actions include developing a best practice guidance on social prescribing; developing accredited learning programmes; and establishing online platform for social prescribing to support commissioners and practitioners, which includes resources, and facilitates regional communities of practice.

> **5: PAC conclusion:** *Poor data on day case emergency care and readmissions stops NHS England knowing if its efforts to reduce emergency admissions are helping or potentially harming patients.*

> **5: PAC recommendation:** *NHS England and NHS Improvement should improve data they collect and that hospitals record so that by the end of 2018 care can be tracked and publicly reported, together with a clear statement of what is a harmful level of readmissions for people's care.*

5.1   The Government agreed with the Committee's recommendation.

Target implementation: April 2020.

5.2   While the Government agrees with the Committee's recommendation that NHS England and NHS Improvement should improve data they collect and that hospitals record, it does not agree with the timeline.

5.3   The Government does not believe there can be a meaningful definition of what a harmful level of readmission is. Factors which may influence readmission include age, complexity of condition, comorbidities etc – meaning that it is difficult to establish what an acceptable level of readmission across all condition is. There is currently no nationally consistent recording of readmission, and the rise in same day emergency care has further complicated assessing a meaningful rate of readmission. Readmission for zero day length of stay should be viewed distinctly from longer term admission; and any unintended consequences need to be identified – for example: some patients having longer lengths of stay than necessary in seeking to avoid readmission.

5.4   Work is underway to understand activity in same day / ambulatory emergency care settings and to create a dataset to support the recording on a consistent basis. This dataset will allow activity records to be linked to activity in different settings - A&E, ambulance and community services and enable readmission indicators to be monitored.

5.5   Experience tells the Department that such datasets take some time to develop and embed in order that the NHS is able to record and report to common standards. It is likely that such data would not start to flow until 2019-20. During that year, the focus would be on data quality and quality assurance. Once data is available from this setting, linkage could be made with other settings so that analysis could be made of those patients with the most frequent interactions with the hospital sector.

5.6   NHS England will consider what the key indicators should be to understand patient outcomes, including the balance between readmission with zero day length of stay and readmission for longer periods.

Forty-Fifth Report of Session 2017-19

Department for Education

Higher education market

Introduction from the Committee

Over 2 million people are students at higher education institutions in England, mostly at universities. The Department for Education (the Department) provides £9 billion of up-front funding each year for higher education in England in the form of grants and tuition fees, equivalent to £7,903 per student, up from £6 billion in 2007/08. Some 85% of up-front funding now directly follows student choice (up from 23% in 2007/08) via tuition fee loans, which the government increased from £3,000 per year to a maximum of £9,000 in 2012. The government also removed caps on the number of students institutions could accept from 2015/16 to allow popular providers to expand and more young people to access higher education.

The Department introduced further reforms to the higher education market through the Higher Education and Research Act 2017. The Department's objectives for the reforms included introducing more competition and a wider variety of options (for example, two-year accelerated degrees or online courses) into the higher education market. The Department also intended for the reforms to foster excellent teaching, ensure students could make informed choices, and increase access to higher education among students from disadvantaged backgrounds. The reforms included setting up a new market regulator, the Office for Students (OFS), whose remit is to support a competitive environment, promote choice, quality and value for money in the interests of students and the taxpayer.

NAO / PAC Reports and Treasury Minutes

- NAO report: *The higher education market* – Session 2017-19 (HC 629)
- PAC report: *The higher education market* – Session 2017-19 (HC 693)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9702), 3 recommendations have been implemented. 2 recommendations remained work in progress and are now implemented, as set out below.

> **1: PAC conclusion:** *The Department treats the higher education sector as a market, but it is not a market that is working in the interests of students or taxpayers.*

> **1: PAC recommendation:** *The Department should write to the committee by October 2018 to explain what it expects a successful higher education market to look like.*

1.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

1.2   In its letter to the Committee of 31 October 2018, the Department described how it saw a successful higher education market operating as the reforms introduced under the Higher Education and Research Act 2017 take effect. These reforms, in particular the activities of the Office for Students through its regulatory objectives and duties, will promote choice and opportunity, drive up quality, improve value for money and deliver benefits for students, employers and the wider economy. The Department expects these reforms, as they develop, will strengthen the already world class English higher education system.

> **2: PAC conclusion:** *Young people are not being properly supported in making decisions on higher education, due in large part to insufficient and inconsistent careers advice.*

2: PAC recommendation: *The Department should write to the Committee by October 2018 with details of progress it has made with its careers strategy and the impact it is having. It should set up an evaluation framework to enable it to assess progress.*

2.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

2.2.   The Department wrote to the Committee on 31 October 2018 explaining the progress made in implementing the Careers Strategy. Through The Careers & Enterprise Company, the Department established 20 Careers Hubs across the country during 2018. A further 20 hubs will follow in 2019. An Enterprise Adviser Network has been set up which is working with over 2,000 schools and colleges to link them with employers. By 2020 all schools and colleges will have access to an Enterprise adviser.

2.3   The Department has provided funding to train 1400 Career Leaders, who will be responsible and accountable for their school and college careers programmes. The Department has provided £4 million of investment funds, delivering 150 programmes to provide high quality employer engagement activities to young people. The work is focused on areas with the most need and in providing extra support to the most disadvantaged young people. Good career guidance is measured by meeting the eight Gatsby Benchmarks and good progress is being made. On average schools and colleges are achieving 2.13 of the eight Gatsby Benchmarks compared to 1.87 in 2017 and 1.34 in 2014.

2.4   The Education Skills Funding Agency has re-procured the National Careers Service local face-to-face contracts with a new revised specification and new priority groups. They have extended the contract for the National Careers Service helpline which from October 2018 now delivers full information, advice and guidance to adults.

2.5   The Department is assessing the impact of the strategy through a range of qualitative and quantitative measures, and has agreed Key Performance Indicators with The Careers & Enterprise Company to establish the progress and impact they are making.

Forty-Sixth Report of Session 2017-19

HM Treasury and Infrastructure and Projects Authority

Private Finance Initiatives

Introduction from the Committee

The Government has been using the Private Finance Initiative (PFI) for over 25 years to build public infrastructure assets (particularly schools, hospitals and roads) and deliver services linked to the asset. In PFI deals the public sector enters into a contract with a private company specifically created to deliver the asset. The private company raises the finance needed to fund the asset from debt and equity investors. Once the asset is constructed and available for use, the taxpayer makes annual payments to the private company over the length of the contract, typically 25 to 30 years. These annual payments cover debt and interest repayments, shareholder dividends, asset maintenance, and in some cases other services like cleaning.

There are currently over 700 PFI and PF2 contracts in operation, with around £60 billion of assets built using them. Public bodies paid £10.3 billion to private companies under these contracts in 2016–17. Even if the Government does not enter into any new PFI-type deals it will pay private companies a further £199 billion between April 2017 until the 2040s for existing deals, in addition to some £110 billion already paid. In 2012, the Treasury replaced the PFI model with PF2 to address some of the previous Committee's criticisms of PFI, including inflexibility and lack of transparency. So far only six PF2 projects have been commissioned, with another two projects in the pipeline

NAO / PAC Reports and Treasury Minutes

- NAO report: *PFI and PF2* - Session 2017-19 (HC 718)
- PAC report: *Private Finance Initiatives* – Session 2017-19 (HC 894)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9702), 2 recommendations have been implemented and the Department disagreed with 3 recommendations. 1 recommendation remained work in progress, as set out below.

> **1: PAC conclusion:** *It is unacceptable that after more than 25 years the Treasury still has no data on benefits to show whether the PFI model provides value for money.*

1a: PAC recommendation: *The Treasury and IPA should, by April 2019, publish the results of their work in collecting data on the benefits of PFI, and set out what they will do to evaluate the value for money of PFI projects currently in operation in the absence of benefits data.*

1.1   The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2019.

1.2   The Treasury and IPA agree that value for money is of primary importance and apply a strict scrutiny process to projects with the aim of ensuring that a decision to use private finance is only made where it can be demonstrated to provide value for money over conventionally procured and Government-financed alternatives.

1.3   In addition, Treasury and IPA would highlight that the PFI model was retired in 2012 following a fundamental assessment of its performance and building on concerns raised by the Committee and other parties. Treasury and IPA's preferred model of Public Private Partnership is now PF2. To date, government has procured only six PF2 projects.

1.4   Although there have only been six PF2 projects, Treasury and IPA recognise the Committee's concerns about the absence of data showing the benefits of either PFI or PF2 and, over the next year, will work to collate existing datasets on the performance of these models. The Treasury and IPA will analyse the available data in order to assess inputs (such as construction cost) and outputs (such as the performance of a facility). Treasury and IPA will then write to the Committee with the results of this analysis. The results will also be shared with departments developing future capital investment programmes, with a view to improving their design and execution.

Forty-Seventh Report of Session 2017-19

Department for Education

Delivering STEM skills for the economy.

Introduction from the Committee

STEM stands for science, technology, engineering and mathematics. In education, it means the study of these subjects, either exclusively or in combination. In employment, it refers to work that involves the application of STEM knowledge and skills, an appropriate qualification in a STEM subject, or a particular industry or sector, such as pharmaceuticals, construction or aerospace. Since the early 2000s, there have been growing concerns about the supply of STEM skills in the workforce, focusing on achieving increased productivity and economic growth in an era of rapid technological change. Exit from the European Union could also affect the availability in the workforce of people with the requisite STEM skills.

Responsibility in Government is spread across a number of Departments. The Department for Education (DFE) is responsible for the main learning routes - schools, colleges, apprenticeships and higher education institutions - and is also responsible for generating research on skills needs. The Department for Business, Energy and Industrial Strategy (BEIS) develops insights into key business sectors, and leads a STEM inspiration programme, encouraging young people to consider STEM careers. Other Departments also play an important role. Between them, Government Departments spent almost £1 billion between 2007 and 2017 on initiatives to encourage more take-up of STEM subjects.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Delivering STEM (science, technology, engineering and mathematics) skills for the economy* – Session 2017-19 (HC 716)
- PAC report: *Delivering STEM skills for the economy* – Session 2017-19 (HC 691)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9702), 3 recommendations have been implemented and the Department disagreed with 1 recommendation. 4 recommendations remained work in progress, one of which is now implemented, as set out below.

> **1: PAC conclusion:** *BEIS and DFE do not currently have sufficient understanding of what specific skills businesses really need or how Brexit will affect the already difficult task of ensuring the supply of STEM skills in the workforce.*

> **1: PAC recommendation:** *Following publication of the Migration Advisory Committee report in September 2018, BEIS and DFE should, within six months, set out the further steps they will take to ensure that STEM skills shortages are addressed.*

1.1   The Government agreed with the Committee's recommendation.

Target implementation date: September 2019.

1.2   The Government continues to support STEM sectors, and ensuring that STEM skills shortages are addressed is at the heart of this work. In December 2018, the Government published an Immigration White Paper, setting out the foundation for a single skills based immigration system. In line with the Migration Advisory Committee's recommendation, the Government will focus on high skills, and prioritise those migrants who bring most benefit to the UK, maximising the benefits of immigration. There will be a year-long engagement process with businesses and other stakeholders to shape the final details of policy and processes.

1.3   The Government is committed to tackling particular shortages of STEM skills in the Industrial Strategy, and has also provided evidence to the Migration Advisory Committee's (MAC) review of the

Shortage Occupation List (SOL), which it expects to be fed into any future publications. The Government will continue to support and develop STEM initiatives that raise participation and attainment in STEM subjects at all stages of the education pipeline, and inspiration programmes which encourage young people to study STEM subjects and move into STEM careers, such as the STEM Ambassadors programme and the Year of Engineering. It is also taking steps to remove barriers to increasing maths participation at A level, including through the new Advanced Maths premium. In 2018, maths was the most popular A level and was taken by 26.9% of students taking academic qualifications. The Government is considering what further steps might be needed.

2: PAC recommendation: *DFE should set out what specific steps it will take to ensure that SAPs are sufficiently aware of national and global skills supply issues to be fully effective.*

2: PAC conclusion: *The Committee remains to be convinced that the proposed Skills Advisory Panels will properly understand national and global skills issues.*

2.1   The Government agreed with the Committee's recommendation.

Target implementation date: July 2019.

2.2   The Department has established a Skills Advisory Panels (SAPs) Programme team. As part of its remit, the team is working across the Department and with the Department for Business, Energy and Industrial Strategy (BEIS) and other Government Departments to bring together key evidence on national and global skills issues and signpost Skills Advisory Panels to key evidence. This will include analysis such as the Employer Skills Survey and reports by the Migration Advisory Committee.

2.3   The Department is also providing each Skills Advisory Panel with £75,000 to build up their analytical capability. This, alongside the analytical toolkit and list of key data sources published in December 2018, will help SAPs build their understanding of not just local skills issues, but also how national skills issues are affecting skills needs. To check how well Skills Advisory Panels are embedding the SAPs analytical toolkit, the SAPs Programme team will undertake a review in summer 2019.

2.4   The Department is currently exploring data needs of local areas to produce high-quality and robust analysis on skills and labour market. In addition, the Department for Education and the Cities and Local Growth Unit will continue to work with local areas to ensure they receive the right level of support while preparing for their Local Industrial Strategies by 2020.

4: PAC conclusion: *DFE does not know whether people given financial incentives to undertake teacher training are remaining in the profession.*

4: PAC recommendation: *DFE must identify as soon as possible whether financial incentives for teacher training have delivered value for money, and report its findings to the Committee as promised.*

4.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2   On 25 October 2018, the Department published, as an annex to the September Teachers Analysis Compendium, experimental analysis on the destinations of trainee teachers who received a bursary. The analysis shows the proportion of bursary recipients awarded qualified teacher status (QTS) at the end of their teacher training course. It then shows the proportion of those awarded QTS teaching in a state-funded school following their training. It provides new evidence about the progression of bursary recipients in the early stages of their teaching careers, to contribute to our understanding of the efficacy of bursaries.

4.3   In the last 18 months, the Department has launched two financial incentives pilots. The first is to test a phased bursary for trainee mathematics teachers, and involves a lower bursary during training followed by two additional early-career payments in the third and fifth year of teaching, subject to having

taught in a state-funded school. The second is student loan reimbursement for science and languages teachers, which aims to increase recruitment and retention in areas we have identified as having high need for teachers, as determined by our published data.

4.4   The Teacher Recruitment and Retention Strategy sets out the Department's intention to extend phased bursaries, as part of our wider commitment to increase our focus on teacher retention.

> **6: PAC conclusion:** *The Committee is concerned about the quality of careers advice in schools and colleges.*

> **6: PAC recommendation:** *DFE should make better use of data on career destinations and salaries to incentivise young people to work towards careers in particular STEM sectors where there is higher need. As part of its plans to improve the quality of careers advice, DFE should work with Ofsted to consider rating the quality of advice provided in schools.*

6.1   The Government agreed with the Committee's recommendation.

Target implementation date: December 2020.

6.2   Good careers education and guidance should give people access to the information and data they need to make informed decisions that are right for them. Government already publishes information and data, but this is an area where it is keen to do more and where it already has substantial work underway.

6.3   Specifically, as part of its careers strategy commitment, the Department is exploring options for making data on destinations and outcomes more accessible and relevant. It will raise awareness of how data can support decision-making and encourage young people and schools to make more use of it through adopting the Gatsby Benchmarks, which define excellence in school careers guidance. Statutory guidance for schools details the expectation on all schools to meet the Gatsby Benchmarks in full by the end of 2020. A new website for the National Careers Service has been developed and a new version of the job profiles launched in December 2018.

6.4   Students' ability to make informed choices is at the heart of the Higher Education (HE) reform agenda. Government is taking steps to improve the quality of information provided and how it is provided, especially around graduate outcomes. To ensure the sector delivers for all, information must support all students' needs and aspirations, including those from under-represented groups who may have less experience and awareness of higher education.

6.5   The Department is also working alongside the Office for Students to redesign the HE course comparison website, *Unistats*, by September 2019. Unistats now includes Longitudinal Educational Outcomes (LEO) data for the first time, which provides prospective students with more information about the salary they may earn 3 years after graduation by studying a specific course at a particular HE provider. The Department launched a Higher Education Open Data Competition in summer 2018 to support the development of cutting-edge and innovative online platforms to provide information to prospective students on graduate outcomes using LEO data.

6.6   Careers provision is already considered as part of school inspections. Ofsted is developing new inspection arrangements for September 2019 and, as part of this, is reviewing how careers will be covered within inspections in the future. DFE is engaging with Ofsted on this. There are, however, no plans to introduce a separate grading for careers advice.

Forty-Eighth Report of Session 2017-19

HM Treasury

Exiting the EU: the financial settlement

Introduction from the Committee

The Government is negotiating the terms of the UK's withdrawal with the European Union (EU). As part of this, the Government intends to agree what the UK will pay towards the financial commitments and liabilities the EU entered into when the UK was a member state, known as the financial settlement. This will be part of the withdrawal agreement, alongside citizens' rights and the impact on the Northern Ireland border. The government has stated that it aims for the settlement to be fair and in accordance with the law and spirit of a continuing partnership with the EU.

HM Treasury, on behalf of the UK Government, has been leading negotiations with the European Commission (the Commission) on the financial settlement. In December 2017, the government and the Commission published a joint report on the progress of negotiations on the UK's withdrawal. This set out the principles they had agreed would underpin the financial settlement. In January 2018, the Treasury estimated that the value of the financial settlement would be between £35 billion and £39 billion. In March 2018, the Government and the Commission set out further details on how the settlement will be calculated and paid, in a draft of the withdrawal agreement. Parliament will vote on the finalised withdrawal agreement, including the terms of the financial settlement, and a framework for the UK's future relationship with the EU, in late 2018. The UK will then leave the EU on 29 March 2019. This is the Committee's first examination of the financial settlement, which we will continue to watch closely.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Exiting the EU: The financial settlement* – Session 2017-19 (HC 946)
- PAC report: *Exiting the EU; the financial settlement*– Session 2017-19 (HC 312)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9702), 3 recommendations have been implemented. 3 recommendations remained work in progress, one of which is now implemented, as set out below.

> **4: PAC conclusion:** *The Treasury's estimate of the cost of the financial settlement does not include at least £10 billion of costs to the government associated with the UK's withdrawal from the EU.*

> **4: PAC recommendation:** *When providing its updated estimate of the settlement's value to Parliament, the Treasury must be clear what the total potential cost of the settlement is to the government, including how much of EU receipts factored into the settlement will not come into the government's accounts, and setting out payments to the European Development Fund.*

4.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

4.2   Payment of EU receipts is treated in national and Government accounts in different ways, depending on whether a Government body administers those receipts. Many 'public sector' receipts are in fact destined for the private sector (such as CAP, paid by managing authorities to the private sector). The Government therefore considers this distinction unhelpful in understanding the cost of the settlement. Moreover, were the UK not to receive receipts from EU programmes, whether 'public' or 'private', the Exchequer would meet the cost of these as set out in the Government's announcements on the *guarantee for EU programmes*.

4.3   In respect of the European Development Fund (EDF), the Government considers this commitment to be outside the financial settlement. It does not expect to meet the cost through powers

taken under the EU (Withdrawal Agreement) Bill, so the Government considers the £35-39 billion estimate to be the cost of the financial settlement.

4.4 Nevertheless, in the interests of transparency, future Treasury updates will set out expected future receipts from EU programmes, how these are administered and treated in national accounts, and expected future payments to the EDF.

4.5 The target implementation date was first set (in Cm 9702) as Autumn 2018. In the event, the Treasury did not produce a further updated estimate of the financial settlement at that time, since there was limited new relevant information. The Office for Budget Responsibility published new forecasts in their *Economic and Fiscal Outlooks* in November 2018 and March 2019. These confirm that the expected value remains within £35-39 billion.

4.6 The Treasury provides an update to Parliament in the spring of each year on EU finances in the *European Union Finances* statement. This year's version is due to be published shortly. This document will include the additional information requested here: an update to the assessment of the cost of the financial settlement, as well as information on expected future receipts from EU programmes, and expected future payments to the EDF.

> **5: PAC conclusion:** *The Committee is concerned that the Treasury has not set out how it will assure Parliament and the taxpayer that future settlement payments will be made accurately.*

> **5: PAC recommendation:** *The Treasury should, within four months of our report, set out the assurance arrangements that it has put in place to ensure that the UK does not pay more than it owes, including how and when it will appoint its auditors. The Treasury should ensure that the UK continues to have sufficient input into the key EU institutions responsible for ensuring the accuracy of the EU's financial information, particularly the European Court of Auditors, until the transition period finishes.*

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

5.2 The draft withdrawal agreement published in November 2018 gives the UK audit rights with respect to the implementation of the financial provisions of the withdrawal agreement. The application of these rights will be a significant source of assurance for Parliament in respect of payments under the financial settlement. The Government has developed detailed proposals to give effect to these rights in the implementation period, and these will be finalised with the EU once Parliament has approved the withdrawal agreement. The Treasury will provide details of the finalised arrangements to Parliament in the course of reporting on the settlement.

5.3 The target implementation date was first set (in Cm 9702) as Autumn 2018. Discussions with the EU will be concluded once Parliament has approved the withdrawal agreement.

> **6: PAC conclusion:** *The Treasury's plans for reporting to Parliament on the wider potential costs and benefits of withdrawal are not sufficiently clear.*

> **6: PAC recommendation:** *In responding to this report, the Treasury and the government should set out its arrangements for reporting to Parliament on the wider potential costs and benefits of withdrawal, such as the costs of setting up new institutions to replace services currently provided by EU bodies and participating in EU institutions, and when it will provide Parliament sight of the legal advice it received. These arrangements should seek to provide MPs with as much time as possible to review the information before Parliament's vote on the withdrawal agreement.*

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 In November, before the first Parliamentary vote on the withdrawal agreement, the Government

published *EU Exit: Long-term economic analysis.* This analysed the potential costs and benefits of withdrawing from the European Union, looking at alternative future economic relationships with the EU, and including sensitivity analysis. It described both direct and indirect fiscal effects. Indirect effects are those related to changes to the size and structure of the economy after the UK leaves the EU, which have implications for tax receipts and welfare spending. Direct effects capture the additional fiscal costs and savings that are not primarily driven by changes in the size of the economy, including the UK's future financial relationship with the EU, potential future customs revenue, and spending incurred by the UK Government to replace EU programmes and services currently provided by the EU.

6.3   As the analysis makes clear, in the modelled White Paper scenario the direct and indirect effects are modest, and of a similar size. In all other modelled scenarios the indirect effect is several times greater than the direct effect.

6.4   The Government also published a *Technical Reference Paper* to explain the methodology. For EU programmes, it is assumed that in the long run the UK either continues to participate in EU programmes and pays the cost of receipts, or replaces the activity domestically at equivalent cost. For departmental spending to administer services and functions which are currently provided by the EU, the assumption for spending in future years is based on funding allocated for EU exit preparations in 2019-20. These are, of necessity, simplifying assumptions. But without further detail on the future UK-EU relationship, including how these services and functions are to be provided, it is not possible to provide robust estimates. In any case, given the relative sizes of the effects, plausible changes to the assumptions on these direct costs would make little difference to the overall conclusions of the analysis.

6.5   Once the UK has left the EU and negotiations on the future relationship are making progress, the likely potential costs in this area will become clearer. The Treasury will consider how best to report this to Parliament. The Government has already set out proposals for reporting to Parliament on the financial settlement in its White Paper: *Legislating for the withdrawal agreement between the United Kingdom and the European Union.* The Treasury would welcome views on both issues.

6.6   As well as the assessment of the wider potential costs and benefits set out in the long-term economic analysis, the Treasury has provided further information on the short-term public expenditure costs of preparing for EU exit. The most recent set of allocations – for 2019-20 – amount to £2 billion, and full details (including the breakdown by department) were set out in the Chief Secretary to the Treasury's Written Ministerial Statement of 18 December 2018. This brings the total allocated to over £4.2 billion since 2016.

6.7   On the question of legal advice, as previously reported, the Government gave the National Audit Office access to its legal advice on the financial settlement so they could provide assurance to Parliament. The Government considers it not in the national interest to publish this advice at this stage in the negotiation.

Forty-Ninth Report of Session 2017-19

HM Revenue and Customs

Progress in tackling online VAT fraud

Introduction from the Committee

Internet shopping, particularly through online marketplaces like Amazon and eBay, is now commonplace. Online traders on those marketplaces should charge VAT on their sales in the same way that they would on goods bought over the counter. 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 too many are not still doing so. HM Revenue and Customs' latest estimate is that online VAT fraud and error cost between £1 billion and £1.5 billion in lost tax revenue in 2016–17. VAT fraud has a wider impact on the market, and creates unfair competition; sellers who do not charge the VAT that they should are able to undercut the prices offered by law-abiding UK businesses by up to 20%, forcing many to lay off staff or even go out of business.

The Committee has raised concerns several times before about how slowly HMRC has responded to this problem, most recently in the Committee's report in October 2017. Since then, several new HMRC compliance measures have come into effect: extended powers to hold online marketplaces jointly and severally liable for unpaid VAT of a business, arising from sales via that online marketplace; a requirement for online marketplaces to display a valid VAT number for their traders, when they are provided with one; a scheme to register fulfilment houses; and a Memorandum of Understanding to promote collaboration between HMRC and online marketplaces and greater sharing of information.

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: *Progress in Tackling online VAT fraud* – Session 2017-19 (HC 1304)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 2 recommendations in this report. As of the last Treasury Minute (Cm 9702), 2 recommendations remained work in progress, as set out below.

> **1: PAC conclusion:** *HMRC has taken some positive steps to tackle online VAT fraud.*

> **1: PAC recommendation:** *HMRC should update the Committee by March 2019 on progress in securing the additional forecast £1 billion VAT revenue through to 2023, including progress and outcomes on investigating non-compliant overseas traders, auditing the compliance of newly registered traders and their repayment of previously unpaid VAT.*

1.1   The Government agreed with the Committee's recommendation.

Target implementation date: March 2019.

1.2   The Department has in place processes to monitor performance results from its activity and the impact this is having on tackling online VAT fraud and error.

1.3   This evidence continues to suggest that the measures are effective in tackling online VAT fraud and error. Since the measures were announced in March 2016 and up to 31 December 2018, almost 60,000 applications to register for VAT from overseas online retail businesses have been received. This compares with about 1,650 for 2015.

1.4   The unprompted VAT liability declared on returns from this type of business since 1 April 2015 up to 31 December 2018 is about £205 million and £151 million of this is from those overseas businesses

that have registered for VAT since March 2016. 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. This compares well against the expected yield from the measures which was £85 million in 2018-19, as part of the overall additional forecast £1 billion VAT revenue through to 2023.

1.5   The Department's compliance activity has also comprised about 7,600 cases, resulting in about 4,800 joint and several liability notices being issued to online marketplaces and a further £186 million being identified and assessed by compliance teams up to 31 December 2018.

1.6   There will also be additional VAT paid on displaced sales from non-compliant sellers removed from the marketplaces to compliant sellers. This is not quantifiable.

2: PAC conclusion: *Despite the new measures to tackle online VAT fraud, there are still limitations in HMRC's approach which hinder its ability to tackle non-compliant businesses.*

2: PAC recommendation: *HMRC should assess the key constraints and challenges it faces in tackling online VAT fraud and identify any further measures necessary to overcome them, including any further legislative powers. HMRC should update the Committee by March 2019.*

2.1   The Government agreed with the Committee's recommendation.

Target implementation date: March 2019.

2.2   The Department recognises that this is a complex issue and continues to be engaged in work internationally, with the OECD and the EU to explore new ways to tackle it as it is an international problem. The Department continues to review its compliance approach to make use of all available tools including requiring overseas sellers to appoint a suitable UK VAT representative in appropriate cases and removing an overseas seller's VAT registration number where non-compliance persists. The Department is also continuing to explore the most effective use of debt and customs powers in order to seize sellers' goods at fulfilment houses

2.3   The Department is exploring legislative solutions to ensure that it can access data whatever the business model that is being operated by a data-holder. This includes through the call for evidence on *'The role of online platforms in ensuring tax compliance by their users'*[45]. The response document was published on 7 November 2018[46]. The Government also published a response document on 7 November 2018[47] following 24 responses to the *'Alternative method of VAT payment – split payment consultation'*[48]. This sets out the next steps, including establishing an Industry Working Group to address some of the main challenges associated with this policy through close cooperation with stakeholders.

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[45]

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687363/The_role_of_online_platforms_in_ensuring_tax_compliance_by_their_users.pdf

[46]

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/754206/The_role_of_online_platforms_summary_of_responses.pdf

[47]

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/754209/Alternative_method_of_VAT_collection_summary_of_responses.pdf

[48]

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687783/Alternative_method_of_VAT_collection___split_payment.pdf

Fiftieth Report of Session 2017-19

Ministry for Housing, Communities and Local Government

Financial sustainability of local authorities

Introduction from the Committee

Since 2010–11 successive governments have reduced funding to English local authorities as part of their efforts to reduce the fiscal deficit. By 2017–18 government funding to authorities had fallen by 49.1% in real terms. Over the same period, local authorities have faced growing demand for key services such as adult and children's social care, and housing services, alongside new cost pressures such as the National Living Wage. While local authorities have coped well in absorbing these costs, there is now growing evidence of pressure in the system. Local authorities are increasingly reliant on unsustainable measures such as reducing debt costs or drawing down their reserves. Local authorities with social care responsibilities overspent their service budgets by over £1 billion in 2016–17, and there is evidence of service reductions across a number of areas such as waste collection, libraries and bus services.

The Department is responsible for the financial framework for local government which covers the distribution of government funding alongside other factors such as arrangements for business rates retention, council tax, and commercial investment. The Department also takes the lead on assessing the funding requirements of local authorities as part of Spending Reviews and supporting the financial sustainability of the sector by changing the overall financial framework if required. A number of other government departments are responsible for policies and services that are delivered by local authorities. For instance, the Department for Education has policy responsibility for children's social care services delivered by local authorities.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Financial sustainability of local authorities* - Session 2017-19 (HC 834)
- PAC report: *Financial sustainability of local authorities* - Session 2017-19 (HC 970)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 11 recommendations in this report. As of the last Treasury Minute (Cm 9702), the Department disagreed with 3 recommendations. 8 recommendations remained work in progress. Three of those recommendations are now implemented, and five remain work in progress, as set out below.

> **1: PAC conclusion:** *Seven years of funding reductions have left an increasing number of local authorities in a worrying financial position.*

> **1: PAC recommendation:** *The Department should, by the end of September 2018, write to the Committee to explain why it believes that the local authority sector is sustainable in the current spending review period, and detailing what it is doing to minimise the risk of financial failure in authorities currently on its risk register.*

1.1   The Government agrees with the Committee's recommendation.

Recommendation implemented

1.2   As set out in the Department's letter to the Committee of 19th December 2018, the government's assessment of the financial sustainability of local authorities is based on a comprehensive understanding of whether the sector has the capacity to deliver the services it is required to deliver. Furthermore, the Department's overall judgment also considers whether there is flexibility in the system to respond to events, emergencies and to be able to provide the broader local leadership expected by communities.

1.3   These are more than arithmetic judgments, with data forming one input into the department's assessments across a range of indicators and information.

> **2: PAC conclusion:** *The Department is overly reliant on the next Spending Review, which is now under greater pressure following the announcement on NHS funding, to address the financial challenges currently facing local authorities.*

> **2: PAC recommendation:** *The Department should write to the Committee within the next six months setting out how it is planning to work with other departments effectively and make the case to HM Treasury for local authority funding persuasively at the next Spending Review; and in addition to securing funding at the next Spending Review, what steps it will take to support the sector in meeting its funding and demand challenges.*

2.1   The Government agrees with the Committee's recommendation.

Recommendation implemented

2.2   While we do not yet have precise timings for the spending review, the Department has already begun a programme of work to ensure it is well prepared. This includes coordinating input from policy and analytical teams across Government to create a robust evidence base and collective understanding of future revenue and capital spending pressures and potential income streams. Sector round-tables, jointly hosted with the LGA, and cross-Whitehall Directors' and Director-Generals' Working Groups are used to challenge assumptions and monitor alignment and progress. This programme is described in considerably more detail in the Department's letter of 19 December 2018.

2.3   In the short term, it is right that the focus of our expanded departmental engagement is focused on delivering the best outcome at the upcoming the spending review. However, we recognise the importance of sustained engagement after the SR and in line with the committee's recommendation, will continue to build on the links made in the lead-up to the SR (as also noted in the Department's response on 19 December).

> **3: PAC conclusion:** *The Department does not have a consistent and transparent method to assess financial risk in local authorities.*

> **3b:** *PAC recommendation: The Department should take a more transparent approach to the next spending review and publish its projections for demand and spending by service area once the spending review* **has** *concluded, together with its monitoring of outcomes against these projections.*

3.1   The Government agrees with the Committee's recommendation.

Target implementation date: January 2020

3.2   In consultation with HM Treasury and other government departments, the Department will publish data in relation to the key factors affecting demand and spending, six months after the next Spending Review has concluded.

> **4: PAC conclusion:** *Increased pressure on funding from social care is limiting spend across other service areas, and the implications of this for service users and taxpayers are unclear.*

> **4a: PAC recommendation:** *The Department should write to the Committee by the end of September 2018 setting out how it will work with other relevant departments on an ongoing basis to ensure that it properly understands local authorities' performance across the full range of local services they deliver, the extent to which pressures in some service areas are affecting others, and any service areas where departments have any areas of concern.*

4.1   The Government agrees with the Committee's recommendation.

Recommendation implemented

4.2   The Department *wrote to the Committee* on 19 December 2018 setting out its approach to working with other government departments, particularly in preparation for the upcoming spending review.

4b: PAC recommendation: *The results from this work should be published on a regular basis.*

4.3   The Government disagrees with the Committee's recommendation.

4.4   The department will publish data in relation to projections of demand and spending, in discussion with other departments, following the next spending review. However, each department is responsible for establishing its own arrangements to ensure that services for which it has policy responsibility remain sustainable and that responsibilities are being met. In addition, MHCLG does not performance manage local authorities, who are accountable for the delivery of services and management of budgets. Although not published, the outcome of discussions, where relevant, do inform future policy development and spending decisions.

5: PAC conclusion: *The lack of a long-term funding plan for local authorities is a risk to value for taxpayers' money.*

5a: PAC recommendation: *In order to support authorities' financial planning the Department should publish a timetable as soon as possible showing when it will have to take key decisions, and when worked examples will be available relating to the Fair Funding Review, the introduction of 75% local retention of business rates and the 2019 Spending Review. The timetable should ensure that the outcomes of the Fair Funding Review and the design of the 75% local business rates retention are known to the sector as early as possible in 2019.*

5.1   The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2019**.**

5.2   The Government has already set out the timetable for implementing the Review of Relative Needs and Resources and increased business rates retention through a joint LGA and Departmental chaired Steering group.[49] The intermediate milestones for implementation of these reforms are communicated through this group, whose papers and minutes are published online.[50]

5.3   The detailed timetable for implementation of these reforms is kept under review as work progresses, and the Department will continue to explore ways in which it can provide further certainty about the likely outcomes, which it notes is key in order for Local Authorities to be able to plan appropriately. In particular, the Department recognises that early notification of numbers is helpful to assist authorities' financial planning and service delivery. The Department will therefore aim to publish indicative figures by mid-2019, subject to Treasury decisions with regard to the Spending Review, with final allocations being confirmed later that year in the provisional local government finance settlement for 2020-21. The Department will also consider appropriate transitional arrangements via the Review of Relative Needs and Resources in order to ensure any changes in funding are introduced in a manageable way.

6: PAC conclusion: *Arrangements covering accountability for, and scrutiny of, local authority spending may not be sufficiently robust given the level of financial pressure local authorities face.*

6a: PAC recommendation: *The Department should, by May 2019, review the way audit committees operate in examining and challenging local risks to financial sustainability.*

6.1   The Government agrees with the Committee's recommendation.

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[49] The Steering group is a technical group established to provide information and expert advice to support MHCLG's implementation of these reforms. It is supported by a number of technical sub-groups which focus on specific aspects of the system; these include a Needs and Redistribution technical working group and a System Design working group.

[50] https://www.local.gov.uk/topics/finance-and-business-rates/business-rates-retention

Target implementation date: April 2020.

6.2   The Department introduced a new localised audit framework in the Local Audit and Accountability Act 2014. This has changed how audit services are provided in local public bodies. Whilst there is no legal requirement to have an Audit Committee (apart from in combined authorities), the Department does recognise that there is an increased role in the new framework for such committees in supporting good governance.

6.3   Working with the LGA and others, the department is currently exploring what more can be done to improve Members' understanding of the importance of Audit and these committees. In addition the Department is due to undertake a post implementation review (PIR) of the 2014 Act by April 2020, once the first audits under the localised framework have been signed off. We will consider the role of audit committees as part of the PIR. Finally, the Department is also aware that the NAO is in the process of updating the code of audit practice, and has already engaged with them on how we may be involved in the review. Now that the NAO has published its reports on financial sustainability in local authorities, the findings of auditors of local authorities and of wider governance arrangements, their recommendations will form part of our considerations in carrying out the post-implementation review and help inform our future work in this area.

> **6b: PAC recommendation:** *The Department should, by May 2019, review the way scrutiny functions operate in examining and challenging local risks to financial sustainability.*

6.4   The Government agrees with the Committee's recommendation.

Target implementation date: April 2019

6.5   The updated statutory guidance on local authority overview and scrutiny currently being prepared by government will help inform councils of the purpose of scrutiny, what effective scrutiny looks like, how to conduct it effectively and the benefits it can bring. It will also include text on the relationship between authorities' scrutiny and audit functions.

6.6   The Department has engaged with the local government sector to inform this guidance. The guidance will acknowledge that councils are best placed to know which scrutiny arrangements are most appropriate for their own individual circumstances, so each local authority can ultimately decide for itself how to carry out overview and scrutiny in its own area.

> **7: PAC conclusion:** *The introduction of IFRS nine poses a risk to good financial management and planning in local authorities, including council tax levels.*

> **7: PAC recommendation:** *The Department should introduce a statutory override for the requirement under IFRS 9 for local authorities to account for gains and losses from investments in their general funds, in order to prevent any distorting effects on local government financial management.*

7.1   The Government agrees with the Committee's recommendation.

Target implementation date: March 2019

7.2   The regulations that implement the statutory override were laid in Parliament and came into force on 19 December 2018. Therefore, the statutory override to normal accounting practices will be in force when local authorities prepare their 18-19 financial accounts. We have decided to implement a statutory override for a period of 5 years. This is 2 years longer than was proposed in the consultation. It was extended to give the sector more time to prepare given that the majority of respondents stated that the statutory override should be permanent.

7.3   The purpose of the accounting practices is to require recognition of gains and losses as soon as they occur. The Government is supportive of this development and believes that local authorities should comply with it in the medium term.

Fifty-Second Report of Session 2017-19

Department for Education

Converting schools to academies

Introduction from the Committee

As of January 2018, the Department for Education had converted around 7,000 maintained schools to academies; 72% of secondary schools are now academies and 27% of primary schools. Academies are publicly funded but, unlike maintained schools, they are independent of local authorities. They have more freedoms, for example in setting staff pay and conditions and determining their own curriculum. Academy schools are part of academy trusts, which are charitable companies directly funded by, and accountable to, the Department. The Department's underlying objective for academies is that they should improve educational standards in schools. Any school is able to apply for academy status, but the Department has a statutory duty to direct schools that Ofsted has rated as inadequate to become academies with the support of a sponsor. A sponsor is an organisation the Department has approved to support an academy. Most sponsors are groups of schools that have formed multi-academy trusts.

The Department is accountable for securing value for money from spending on the conversion process and the academies programme in general. In 2016–17, it spent £81 million on converting schools to academies, and has spent £745 million in total since 2010–11. The Department works through eight regional teams, each led by a regional school's commissioner, which coordinate the process of approving applications from maintained schools to become academies.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Converting maintained schools to academies* – Session 2017-19 (HC 720)
- PAC report: *Converting schools to academies* – Session 2017-19 (HC 697)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9702), 4 recommendations had been implemented. 2 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

> **1: PAC conclusion:** *The checks that the Department carries out before schools convert to academies have not prevented a succession of high-profile academy failures that have been costly to the taxpayer and damaging to children's education.*

> **1a: PAC recommendation:** *The Department should review academy trust failures to identify lessons for its scrutiny arrangements. It should write to us by October 2018 setting out the main reasons for the failures and how it proposes to strengthen its scrutiny of prospective academies and sponsors to ensure that risks are being well managed before and after conversion.*

1.1   The Government agreed with the Committee's recommendation.

Recommendation implemented

1.2   In a letter to the Committee of 7 November 2018[51] the Department described the clear framework that academy trusts operate within, and how that has been, and continues to be strengthened. The letter explained how the Department scrutinises the three key functions of the trust – educational performance, financial management and governance – and how a range of information is collected and shared to inform the identification of risks and ensure swift action is taken in the small number of cases where academy trusts fall short of these expectations.

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[51] https://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/Treasury%20Minute%20follow-up_Dept%20for%20Education.pdf

5: PAC conclusion: *The Department's arrangements for oversight of schools are fragmented and incoherent, leading to inefficiency for Government and confusion for schools.*

5: PAC recommendation: *The Department should set out, as part of its consultation on school accountability in autumn 2018, how the Education and Skills Funding Agency and regional schools commissioners will work together more effectively. Its proposals should identify and address unnecessary burdens on schools, and ensure that oversight of schools is made more coordinated and effective.*

5.1   The Government agrees with the Committee's recommendation.

Target Implementation date: August 2019.

5.2   The Department continuously looks to improve the way that information is shared between departmental teams, including those that must work together to oversee academies, particularly where that oversight, or intervention, relates to both educational and financial issues.

5.3   Regional School Commissioners' teams and the ESFA work closely together to maintain a single departmental view of trusts of concern based on common information. This leads to consistently applied joint intervention strategies where necessary in academies, whether the failure is on education, governance or financial grounds.

5.4   The Department set up a school improvement offer for the 2018-19 academic year, which is designed to minimise the burden on schools and will help them navigate the diverse support available in the system. Schools will be offered three days' support from a national leader of education (NLE) to help leaders identify and access school improvement resources – building on their existing school development plan. The offer will be delivered on the ground by experienced system leaders who will use their local knowledge, along with information from the Department about the support schools are already accessing, to match schools with NLEs. This is designed to provide schools with more co-ordinated and consistent support by removing any burden that can otherwise lead to schools not accessing the support that is available to them.

5.5   The Department will further review the co-ordination and management of all its regional delivery teams working with schools to ensure that it improves its service to schools in line with the transformation aim of the Department to be more user-centred.

Fifty-Third Report of Session 2017-19

Ministry of Defence

Ministry of Defence's contract with Annington Property Limited

Introduction from the Committee

The Ministry of Defence offers subsidised housing for its service personnel and their families as part of the overall remuneration package. In 1996, the Ministry of Defence sold 999-year head leases on 55,000 houses to Annington Property Limited (Annington) and then rented them back on 200-year underleases. The main purpose of the deal was to transfer ownership of the bulk of the married quarters estate to the private sector; secure funds for upgrading work, and improve the management of the estate. Initially, the Department has received a 58% adjustment to open market rents for the first 25 years of the contract, which reflected among other things that it continued to have responsibility for maintaining the properties. However, the Department is between £2.2 billion and £4.2 billion worse off over the first 21 years of the contract than if it had retained ownership. This is largely because it has missed out on house price rises, which have been substantially higher than it predicted.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Ministry of Defence's arrangement with Annington Property Limited* Session 2017-19 (HC 762)
- PAC report: *Ministry of Defence's contract with Annington Property Limited* – Session 2017-19 (HC 974)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9702), 1 recommendation has been implemented. 5 recommendations remained work in progress, three of which are now implemented, as set out below.

> **1: PAC conclusion:** The Department's 1996 deal with Annington Property Limited provided little protection for taxpayers, who have lost billions of pounds, while enabling Annington to make excessive returns.

> **1: PAC recommendation:** *In its response to this report, the Government should confirm that all its future deals will contain effective protections for the taxpayer that were noticeably absent in this sale. In respect of the Annington deal, the Department must make the most of a bad situation. As well as securing the best possible outcome from the rent negotiations, it should work with Annington to extract the maximum value from the estate, including via estate development opportunities, options to release sites, and agreements around the use of utilities.*

1.1   The Government agreed the Committee's recommendation.

Target implementation date: Spring 2020.

1.2   The Department provided a written response to the Committee on 30 November 2018 outlining plans to improve commercial capability and relations with Annington.

1.3   The Department is currently undertaking commercially sensitive negotiations working towards an arbitration protocol to allow an accelerated site review to begin. An agreement between the Department and Annington on the arbitration protocol is pending. The Department envisages that the site rent review will be concluded towards early 2020, once an agreement on the protocol is reached. Both parties will continue to work on the relationship to help ensure the estate is managed on the most efficient basis possible.

1.4   The Department has implemented changes and significant controls to its governance arrangements to ensure increased oversight of contracts. The Modernising Defence Programme has a specific strand reviewing the Department's commercial capability. A review has identified opportunities to improve capability, systems and processes that underpin the Department's commercial work. The Department has developed a three-year plan to build on the improvements already being made within the Department, and the Defence Infrastructure Organisation (DIO) published its first Commercial Strategy in 2018

> **2: PAC conclusion:** *The Department has failed over many years to meet the reasonable expectations of service personnel and their families for good quality accommodation.*

> **2: PAC recommendation:** *The Committee has made a series of recommendations about housing quality, most recently in its July 2016 report. The Department should write to the Committee by 30 November 2018 with a full account of what it is doing to raise satisfaction levels amongst personnel.*

2.1   The Government agreed the Committee's recommendation.

Recommendation implemented.

2.2   The Department provided a written response to Committee on 30 November 2018 outlining the development of the Departmental and Industry Partner Improvement Plan to improve levels of customer service.

2.3   The Department has developed a joint Departmental and Industry Partner Improvement Plan based upon views expressed by service personnel to improve levels of customer service. The plan focuses on providing consistency of move-in standards and more online services for occupants to report accommodation issues. A complaints management team has been introduced to manage stage 1 complaints and a compensation scheme has also been implemented.

2.4   The Department has delegated significant funding to its accommodation regional managers to enable them to deal quickly with emerging issues, as well as prioritising more localised improvement works. Initial indications are that these initiatives are having a positive effect, with reduced complaints and increased customer satisfaction levels.

2.5   The Department has committed to provide Service Family Accommodation (SFA) that meets the Government Decent Homes Standard. In the current financial year, c£119m has been allocated for improvement works and the purchase and construction of new SFA properties.

2.6   The Department holds its contractors to account for delivering an efficient and effective maintenance and repair service. On the National Housing Prime contract, Amey is monitored on reactive maintenance, successful move-ins (with no faults) and estate compliance. Amey met its target of 95% for reactive maintenance in August and September 2018 and met its target for move-ins in September 2018. This reflects a steady and sustained improvement since 2017 which is recognised by key stakeholders. The Department will continue to work collaboratively with Amey to sustain improved levels of performance, whilst holding them to account through stronger governance arrangements.

> **3: PAC conclusion:** *The Department has not drawn its various estates initiatives together into a coherent strategy that maximises opportunities for development and disposal.*

> **3: PAC recommendation:** *In its response to this report, the Department should report to the Committee how it will align its work on the Annington negotiation, Future Accommodation Model and estates disposal into a coordinated strategy that will bring long overdue improvements to the management of its estate and protect the Department's position in the rent review negotiations.*

3.1   The Government agreed the Committee's recommendation.

Recommendation implemented.

3.2   The Department provided a written response to the Committee on 30 November 2018 outlining plans to develop a Defence Accommodation Strategy to allow for improved synergies between initiatives.

3.3   The Chief of Defence People has been directed to take the lead in developing a Defence Accommodation Strategy (DAS) by April 2019. The aim of the DAS is to develop an overarching operating model to better coordinate the accommodation delivery programmes, change initiatives and policy developments across the Department. This will allow them to be individually assessed against their contribution to key Departmental targets; including operational effectiveness, value for money and sustainability. Furthermore, it will bring greater focus to the delivery of individual projects and help protect the Department's position in these; for example, the Annington rent review, the Future Accommodation Model and the Defence Estates Optimisation Programme (DEOP). It will also help ensure potential synergies are fully exploited.

> **4: PAC conclusion:** *The Committee is not convinced that the Department and the Defence Infrastructure Organisation currently have the strategy, capability or information required to negotiate effectively with Annington over rent reviews.*

> **4: PAC recommendation:** *The Department should continue to pursue all options in its rental negotiations, to get the best deal possible for the taxpayer. For this, it needs to finalise its organisational changes as soon as possible, ensure that it has the right people in place, and gather the necessary information it needs to inform its strategy. Without this, the Department's negotiating position, which is already weak, will be further undermined.*

4.1   The Government agreed the Committee's recommendation.

Recommendation implemented.

4.2   The Department provided a written response to the Committee on 30 November 2018 outlining recent resource appointments both internally within DIO and externally to assist with the Annington's negotiations.

4.3   The DIO's Strategic Business Partner (SBP) contract ends in June 2019, with the Department actively transferring leadership roles previously filled by the SBP to civil servants directly employed by the Department; including the key appointments of Commercial Director, Finance Director and Regional Director. In addition the Department has brought in expert capability from United Kingdom Government Investments (UKGI) to support the Chief Executive (whose role will also transfer to the civil service), and his team on the Annington negotiations.

4.4   The Department is engaging constructively with Annington to secure maximum value from the estate and has a specialist team in place for this. Not all the specialist skills needed can be found from within government, and as such DIO has instructed external valuation consultants for the 2021 site review along with four internal Valuers. These will oversee the process and act as a check and balance mechanism, challenging the valuations prepared externally to ensure the best possible evidence is presented. In addition, the DIO has also commissioned Gowlings to provide specialist legal advice in relation to the 2021 review and other Annington related issues.

> **5: PAC conclusion:** *It is scandalous that the Department still holds so many empty properties at a time of a national housing shortage, and has made almost no progress in 20 years in reducing the number.*

> **5: PAC recommendation:** *The Department should develop a plan and timetable for reducing the number of empty properties to a more acceptable level, with a target of getting down to, at most, 10% voids in three years' time. It should write to the Committee with details of its plan by 30 November 2018.*

5.1   The Government agreed the Committee's recommendation.

Target implementation date: March 2022.

5.2   The Department provided a written response to the Committee on 30 November 2018 outlining plans to reduce the number of void properties.

5.3   The Department has a plan and timetable in place to reduce void rate properties rates to c12% by March 2022. The plan is to achieve this through a combination of disposals, which will form part of the negotiations with Annington, demolitions, sub-letting, and housing some 4,000 personnel returning from Germany.

5.4   The development of DAS also seeks to support a reduction in void properties by more efficiently bringing together all accommodation delivery programmes, change initiatives and policy developments across the Department. The delivery of individual projects such as the Annington Site Rent Review, the Future Accommodation Model, and the DEOP will reduce the reliance and costs to the Department of void properties.

Fifty-Fifth Report of Session 2017-19

Department for Work and Pensions

Employment and Support Allowance

Introduction from the Committee

Employment and Support Allowance (ESA) is a benefit that the Department for Work and Pensions (the Department) pays to people who have limited capability to work owing to disability or illness. In 2016–17, the Department paid out around £15 billion in ESA to approximately 2.4 million people. In 2011, the Department began reassessing people who were claiming older-style benefits such as Incapacity Benefit and transferring those eligible to ESA. In November 2017, the media reported that around 70,000 people who had been transferred to ESA had been underpaid because they had been awarded ESA based on their National Insurance contributions only, when they might also have been entitled to ESA on income grounds and extra premium payments. The Department announced on 14 December 2017 that it had established a special team to contact the people affected and pay back the money they are owed. It expects to pay around £340 million in arrears by April 2019.

NAO / PAC reports and Treasury Minutes

- NAO report: *Errors in Employment and Support Allowance* Session 2016-17 (HC 837)
- PAC report: *Employment and Support Allowance* – Session 2017-19 (HC 975)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9702), 1 recommendation has been implemented and the Department disagreed with 2 recommendations. 5 recommendations remained work in progress, three are now implemented as set out below:

> **2: PAC conclusion:** *The Department's lack of urgency in taking six years to start to address the error indicates its culture of indifference to underpayments.*

> **2: PAC recommendation:** *The Department should, by the end of October 2018, write to update the Committee on the additional changes it has put in place to address a management culture which does not proactively and systematically act on intelligence from its front line and fully address mistakes when they first occur.*

2.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2   The Department wrote to the Committee on 21 December 2018 providing a detailed response to this recommendation. In that response the Department outlined the work it has carried out to improve and re-launch the channels that enable frontline teams to ask questions, raise ideas and make suggestions. The Department is working to develop the culture of the Department, so that colleagues feel encouraged to raise questions and concerns through their line management chain.

> **3: PAC conclusion:** *The Department's inertia in dealing with ESA payments was compounded by a lack of willingness to listen to experts and stakeholders.*

> **3: PAC recommendation:** *The Department should, by the end of October 2018, write to the Committee with details of how it will improve its processes for gathering and acting on concerns raised by stakeholders and how it will routinely measure and report its progress on this.*

3.1	The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2	The Department wrote to the Committee on 21 December 2018 providing a detailed response to this recommendation. In that response the Department outlined what it has undertaken to review the approach to its work with stakeholders, and the establishment of its Stakeholder Board, which is beginning to establish a more systematic approach to engagement and to raise the profile, expectations and standards of this work.

> **4: PAC conclusion:** *The Department has not assessed how much money in total claimants have missed out on.*

> **4a: PAC recommendation:** *The Department should calculate the total amount of money claimants have missed out on and report back to the Committee by end October 2018 on what it will do to ensure claimants receive appropriate remedies in line with Managing Public Money.*

4.1	The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2	The Department wrote to the Committee on 21 December 2018 providing a detailed response to this recommendation. The Department published an ad hoc statistical publication on 17 October setting out further detail on the progress it has made in processing cases, as well as revised estimates of the impacts of this exercise. Further ad hoc statistical updates will be published on a quarterly basis to track the department's progress in completing this exercise.

> **5: PAC conclusion:** *The Department's abysmal communication with claimants exacerbated the scale and impact of its error.*

> **5: PAC recommendation:** *The Department should review urgently: the clarity; accessibility; simplicity; and ease of reading of all its letters to claimants and report back to the Committee by the end of November 2018 on the results and what steps it has taken to*

5.1	The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2019

5.2	In the response to this recommendation dated 21 December 2018, the Department provided details of the ongoing work it is carrying out to improve its communications. Further updates on this work will be provided accordingly through subsequent Treasury Minutes.

> **6: PAC conclusion:** *The Committee is still not convinced that the Department is serious about reducing the £1.7 billion underpayments claimants miss out on each year.*

> **6a: PAC recommendation:** *The Department should, by the end of November 2018 publish statistics on how many claimants are affected by over and under payments.*

6.1	The Government agreed with the Committee's recommendation.

Target implementation date: 2023

6.2	The Department gave an overview in the response of 21 December 2018 of the work that has been carried out with regards to publishing statistics on claimants affected by over and under payments. Once Universal Credit is fully rolled out (expected 2023), the Department will consider whether it would be feasible to publish these figures. Please note that the Department published Fraud and Error statistics on the 6 December 2018 in its publication '*Fraud and Error in the Benefit System'*.

Fifty-Sixth Report of Session 2017-19

Ministry of Justice

Transforming courts and tribunals

Introduction from the Committee

HM Courts and Tribunals Service (HMCTS) is an executive agency of the Ministry of Justice responsible for the administration of criminal, civil and family courts and tribunals in England and Wales. In 2016 HMCTS established a six-year, £1.2 billion portfolio of change programmes to modernise and upgrade the courts and tribunals system. The reforms aim to improve the way criminal, family and civil courts and tribunals operate by introducing modern technology, new working practices and changing the way HMCTS uses its buildings and staff. By March 2023, HMCTS expects that 2.4 million cases per year will be dealt with outside physical courtrooms and will employ 5,000 fewer staff. HMCTS expects to save £265 million a year from these changes, which will come from lower administration and judicial costs, fewer physical hearings and running a smaller court estate. These savings are expected to contribute around half of the total savings the Ministry of Justice committed to in the 2015 Spending Review.

NAO / PAC Reports and Treasury Minutes

- NAO report: *Early progress in transforming courts and tribunals* – Session 2017-19 (HC 1001)
- PAC report: *Transforming courts and tribunals* – Session 2017-19 (HC 976)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9702), 6 recommendations remained work in progress, all of which are now implemented, as set out below.

> **1: PAC conclusion:** *The Committee has little confidence that HMCTS can successfully deliver this hugely ambitious programme to bring the court system into the modern age.*

> **1: PAC recommendation:** *HMCTS should write to the Committee, by January 2019, to provide assurance about its updated timetable for delivery. It should update the Committee every six months thereafter in the same format so that the Committee can monitor progress.*

1.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2   HMCTS responded to the Committee on 31 January 2019. The response reported the progress made against each of the twenty-three key indicators HMCTS committed to delivering by January 2019 together with their status, and provided the timetable for delivery for the next six-month period. At each subsequent six-month stage, HMCTS will write to the Committee setting out progress against those indicators and will also set out further indicators for the following six months.

> **2: PAC conclusion:** *HMCTS has failed to articulate clearly what the transformed justice system would look like, which limits stakeholders' ability to plan for, and influence the changes.*

> **2: PAC recommendation:** *By January 2019, HMCTS should provide the Committee with a clear and detailed articulation of what the changes will mean in practice for all the users of the justice system, and when users can expect these changes to be in place.*

2.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2   HMCTS responded to the Committee on 31 January 2019. The response set out what the reform changes will mean in practice.

2.3   Additionally, it set out an overview of how research is shaping our design, followed by:

- a step-by-step overview of what reform means as a case progresses through the system, whatever the jurisdiction, new types of service that HMCTS have not offered before and changes to HMCTS ways of working;
- what this means on a jurisdiction-by-jurisdiction basis; and
- an illustration of what the reforms will mean for people who use three specific types of service.

> **3: PAC conclusion:** *Despite the revised timescale, HMCTS's imperative to deliver at such a fast pace risks not allowing time for meaningful consultation or evaluation and could lead to unintended consequences.*

> **3: PAC recommendation:** *By November 2018, HMCTS should publish plans on how and when it will engage with stakeholders and be clear about how it will act on the feedback received and adjust plans if necessary.*

3.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2   HMCTS responded to the Committee on 28 November 2018 and published further details about its stakeholder engagement plans, clearly setting out how the feedback and input gathered through stakeholder engagement is being listened to and acted upon. The paper set out:

- the overarching approach to engagement;
- who HMCTS engages with;
- how HMCTS engages with stakeholders and when;
- what engagement has been undertaken so far; and
- HMCTS's future plans for developing its engagement with external stakeholders.

3.3   The response also recognised the Committee had highlighted the need for comprehensive stakeholder engagement, which HMCTS fully supported, and made the following commitments for 2019:

- develop greater understanding of stakeholder perceptions and needs;
- better audit, assess and track its engagement activities;
- improve consistency in the frequency and level of engagement that HMCTS undertakes;
- increase the visibility of opportunities for HMCTS stakeholders to engage with the agency, as well as the visibility of engagement that has been undertaken and its impact;
- extend the reach of HMCTS engagement to involve more and different people.

> **4: PAC conclusion:** *HMCTS has not adequately considered how the reforms will impact access to, and the fairness of, the justice system for the people using it, many of whom are vulnerable.*

> **4: PAC recommendation:** *HMCTS should write to the Committee by January 2019, setting out how it will identify and evaluate the impact of changes on people's access to, and the fairness of, the justice system, particularly in relation to those who are vulnerable.*

4.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2   The Permanent Secretary wrote to the chair of the Committee on 31 January 2019 providing further information on the scope and timing of the evaluation of the courts and tribunals reform programme. The response gave a commitment to provide further information once the plans were fully developed.

4.3   The response sets out the Department's multi-tiered approach to evaluating, assessing and reviewing the reform programme, which involves:

- an overarching evaluation of the reform programme, assessing the key objectives of fairness and accessibility;
- the use of performance information and the assessment process that is built into the design of individual reform projects using the agile approach, including the development of assisted digital services for those who do not have access to, or are unable to use, internet enabled services;
- ongoing monitoring of high impact and/or high-profile reforms once implemented; and
- regularly reviewing the costs of the reform programme and the savings it generates against the agreed business plan.

> **5: PAC conclusion:** *One third of the way through the programme, the Ministry of Justice still does not understand the financial implications of its planned changes on the wider justice system.*

> **5: PAC recommendation:** *The Ministry should work with the Treasury to quantify the likely financial implications of the reforms on the wider justice system. They should involve affected parties to address the implications of any cost-shunting and ensure future funding settlements reflect the cost of delivering services in the transformed system.*

5.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2   HMCTS responded to the Committee on 31 January 2019. The response explained that HMCTS works closely with partner organisations to deliver justice and modernising the justice system to improve overall efficiencies in the criminal and civil, family and tribunal jurisdictions and that this will impact its partners.

5.3   The response highlighted that the HMCTS reform team have been working and will continue to work with agencies and other government departments likely to be affected by the Programme. It also set out further information under the following sections:

- impact on partner organisations;
- impact on Criminal Justice System (CJS) partner organisations - Crime Service Model;
- impact on CJS partner organisations - Single Justice Service (SJS); and
- impact on Civil, Family and Tribunal partner organisations.

> **6: PAC conclusion:** *The Committee remains concerned that the Ministry of Justice is taking on significant amount of change, without a clear sense of its priorities, at a time when it is facing severe financial and demand pressures.*

> **6: PAC recommendation:** *The Ministry should write to the Committee in advance of the next Spending Review to explain how it plans to ensure its portfolio of change is well-balanced and appropriately prioritised to enable it respond to financial pressures. This should include setting out those elements of reform that are essential and those which could be put on hold.*

6.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2   The Department wrote to the Committee in December to set out the proposed approach for prioritising its change agenda and achieving a balanced portfolio. This will build on processes already in place to prioritise the Department's investment in change, including the use of a 'scorecard', which ranks projects based on an assessment of strategic importance, cost, anticipated benefits and risk, and a portfolio performance report, which tracks confidence in delivering projects and risks to delivery at the portfolio level. Investment decisions and portfolio performance are governed by the Department's Investment Committee, which meets monthly and will reconsider the scorecard and portfolio risk in advance of the Spending Review.

Fifty-Seventh Report of Session 2017-19

Department of Health and Social Care

Supporting Primary Care Services: NHS England's contract with Capita

Introduction from the Committee

Primary care support services provide a range of administrative and back-office functions to around 39,000 GPs, dentists, opticians and pharmacists. The services provided include: administering payments to GP practices, opticians and pharmacies; administering the pensions of GPs; administering confirmation that GPs, dentists and opticians in the NHS are suitably qualified; sending out letters for those eligible for cervical screening; processing patient registrations and de-registrations; and validating and processing pharmacy market entry applications.

In August 2015, NHS England entered into a seven-year, £330 million contract with Capita to deliver primary care support services, now known as Primary Care Support England. NHS England aimed to reduce its costs by 35% from the first year of the contract and create better quality support services that were more efficient, and easy to use. Capita's bid depended on it closing local primary care support offices and delivering a major transformation of services to meet NHS England's objective to reduce its costs, such as introducing a single customer support centre and an online service for submitting GP payments and ordering medical supplies.

NAO / PAC Reports and Treasury Minutes

- NAO report: *NHS England's management of the primary care support services contract with Capita* – Session 2017-19 (HC 632)
- PAC report: *Supporting primary care services: NHS England's contract with Capita inquiry* Session 2017-19 (HC 698)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9702), 1 recommendation had been implemented and 5 recommendations remained work in progress. These are all now implemented, as set out below.

> **1: PAC conclusion:** *NHS England's outsourcing strategy led to a short-sighted rush to achieve savings, heedless of the impact on patients or practitioners.*

> **1: PAC recommendation:** *NHS England should assess the likely impact on users of a service before outsourcing and should update the Committee by July 2019 on how it is involving stakeholders at an earlier stage in changes to the service, for example by seeking and responding to their views on transformation plans and getting them involved in pilots.*

1.1   The Government agreed with the Committee's recommendation

Recommendation implemented.

1.2   NHS England wrote to the committee in January 2019 with an update.

1.3   NHS England has strengthened oversight arrangements to ensure stakeholders are engaged in the design and development of the transformation programme. This includes a senior bi-monthly Stakeholder Forum, chaired by a representative of the BMA, and direct stakeholder involvement in monthly Project Boards for each service line undergoing transformational change, providing input on issues such as pilots, go-live dates, transition planning and communications. Specific User Groups enable wider participation from across the stakeholder communities, and are providing feedback on plans and detailed designs, such as the functionality of new online services. For the optometry payments

service line, an optometry industry expert is working alongside the PCSE teams to help redesign the current processes and shape the transformation programme.

1.4   For all major procurements, NHS England will adopt the HM Treasury Five Case Model for business cases, and any outsourcing requirements will be undertaken in line with the Cabinet Office best practice guidelines.

> **2: PAC conclusion:** *Neither NHS England nor Capita properly understood the scale of the challenge before agreeing the contract.*

> **2: PAC recommendation:** *NHS England should report back to the Committee by January 2019 on how it will improve its future contracting, including, for example, by understanding what is already working well locally, collecting sufficient data on the services being outsourced, setting appropriate performance measures and ensuring that service changes are sufficiently piloted.*

2.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2   NHS England wrote to the committee in January 2019 with an update.

2.3   NHS England has reviewed its procurement processes end-to-end with staff from across the organisation, and likely future procurement requirements. Any current outsourced arrangements must be re-procured are subject to rigorous review according to HM Treasury guidelines and subject to Cabinet Office approval. In addition, they will be reviewed in line with the Government Commercial Function "Playbook" to ensure all lessons learnt from government contracts are taken into account during the early engagement, design, procurement and contract management stages.

2.4   In consultation with the wider organisation and the Government Commercial Function, NHS England has developed a Third Party Assurance Framework and Contract Management Framework to provide tools, information and guidance to enable clear and effective management of contracts. NHS England is enabling access to training for NHS England staff to manage the whole contract lifecycle successfully. It has also established the NHS England Commercial Centre of Excellence which provides templates, policies, analysis and guidance. Dashboards have been introduced to improve visibility of reporting to all budget holders, and contract performance will be monitored through systems so that full visibility exists at the senior level on all strategic contracts.

> **4: PAC conclusion:** *Failure to deliver services led to disruptions and extra costs for doctors, dentists, opticians and pharmacists.*

> **4: PAC recommendation:** *NHS England should write to the Committee by January 2019 setting out what they have done to compensate primary care practitioners for the disruption to the service.*

4.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2   NHS England wrote to the committee in January 2019 with an update.

4.3   NHS England has established a process, run jointly with Capita, to consider claims from primary care contractors detrimentally affected by the service issues, principally in 2016-2017. This process has to date received and reviewed around 200 claims, of which 88 have resulted in a goodwill payment.

4.4   Alongside this process we are considering around 300 late payment claims from opticians relating to 2016-2017. Between now and summer 2019, we are undertaking a reconciliation exercise around optometry payments in 2016-17 and any claims are being considered as part of that process.

5: PAC conclusion: *Service failures following the outsourcing put patients at risk of serious harm.*

5: PAC recommendation: *NHS England should, by January 2019, update the Committee on whether there is evidence of any harm to patients.*

5.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2   NHS England wrote to the committee in January 2019 with an update.

5.3   NHS England continues to work closely with Capita to identify if there is any evidence of actual harm to patients arising from the delivery of the services.

5.4   We have previously identified and reported one incident of harm, in which a patient underwent an unnecessary diagnostic procedure as a result of the incorrect merging of two patient records. This arose when a number of similarities between the two patients' records led to them being matched as the same record when one of the patients registered at a GP practice. The records were automatically matched by the registration IT system. Those affected have been contacted and NHS England, NHS Digital and Capita are reviewing amendments to the system settings to prevent this from recurring in the future.

5.5   In November 2018 NHS England declared a serious incident after being notified by Capita that they had failed to send out over 47,000 cervical cancer screening invitation and result letters. The clinical advice we have received is that the risk posed by missing these letters remains low. Every case is being reviewed, but there is no current evidence that this incident has led to harm to the women involved. NHS England has contacted all affected women and their GP practices.

5.6   NHS England is investigating differences between two patient databases that underpin administrative services across the NHS – the Patient Demographics Services and National Health and Infrastructure Services (NHAIS). About 122,000 differences were identified between the two systems, an investigation is underway to establish the cause of the differences. Patients not correctly registered with practices are at risk of missing invitations to NHS services or having errors in their Summary Care Record. A serious incident has been declared and NHS Digital, Public Health England, PCSE and NHS England are working to reconcile the differences and assess any impact on patients. There is currently no evidence of actual harm to patients arising as a result of these differences.

6: PAC conclusion: *A lack of collaboration between NHS England and Capita resulted in them taking too long to address the issues with the service.*

6: PAC recommendation: *NHS England and Capita should write back to the Committee by January 2019, showing whether changes to their partnership working has improved the relationship, and whether they have agreed outstanding areas of difference.*

6.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2   NHS England wrote to the committee in January 2019 with an update.

6.3   NHS England and Capita have continued to work together in respect of the primary care support service, supported by monthly executive level meetings. This has enabled better understanding and better interventions in response to incidents. Many of the previous areas of difference have also been resolved, including reaching agreement on the reporting of performance indicators and resolving many of the outstanding commercial issues from Contract Years 2 and 3.

6.4   A process is underway to enable both NHS England and Capita to reach resolution on the remaining differences.

Fifty-Eighth Report of Session 2017-19

Cabinet Office

Strategic Suppliers

Introduction from the Committee

Carillion, a major supplier to the public sector, collapsed on 15 January 2018. Nine days later, the House of Commons debated and agreed a Resolution that required the Government to release confidential risk assessments of its main suppliers to this Committee. The risk assessments relate to companies with contracts across several Government Departments worth more than £100 million per year, or deemed significant to a sector - designated as Strategic Suppliers by Government. There are currently 27 Strategic Suppliers providing services across the public sector. The risk assessments, compiled every six weeks by Crown Representatives in the Cabinet Office, highlight significant concerns about performance against contracts; summarise financial and market information; and assign a Red-Amber-Green (RAG) risk rating.

The risk assessments provided to this Committee offer an assessment of each company's financial status and performance against contracts, which are encapsulated in a Red-Amber-Green (RAG) rating, augmented by a Black 'High Risk' or exemplary Platinum rating. The documents are compiled by each company's Crown Representative. The Cabinet Office considers publication of the documents could affect market confidence and harm companies. The Committee published a report on the Government risk assessments relating to Carillion on 23 May 2018.

PAC Reports

- PAC report: *Government risk assessments relating to Carillion* – Session 2017-19 (HC 1045)
- PAC report: *Strategic Suppliers* – Session 2017-19 (HC 1031)
- Treasury Minutes: October 2018 (Cm 9702)

Update to the Government response to the Committee

There were 18 recommendations in this report. As of the last Treasury Minute (Cm 9702), 5 recommendations have been implemented and the Department disagreed with 1 recommendation. 12 recommendations remained work in progress, as set out below.

Competition in the market

> **1: PAC conclusion:** *The Government has allowed a culture to develop in which a small number of large companies believe that they are too big to fail pursued new business with little apparent consideration of their ability to deliver the right service at the right price.*

Encouraging and managing competition

> **2: PAC conclusion:** *The Committee welcomes the Minister's announcement that the Government will be issuing a 'playbook' to encourage new entrants and look forward to seeing the details of the proposal. However, the language used in the announcement suggests that the Cabinet Office does not intend to take the opportunity to equip itself with powers to enforce its 'playbook'.*

> **1-2: PAC recommendation:** *The Committee recommends that the Cabinet Office upgrade its 'playbook' and other guidance to the status of mandatory requirements.*

1.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

1.2   The Government is currently developing a 'playbook' which will be used in conjunction with the existing Treasury Green and Orange Books.[52] The playbook will both specify a methodology for simple and complex outsourcing and a set of standards which will apply across Government. It will be concise and easy to use so that Departments apply it consistently across Government, and it will be designed to help commercial professionals make better informed Make versus Buy decisions to deliver public services.

1.3   The playbook will support contracting authorities by providing a series of questions which they should consider as the commercial lifecycle progresses. These questions will enable contracting authorities to define more effectively, for example, what they want to deliver and how they want to deliver it; what existing processes they are aiming to build upon; what the options are for taking the requirement to market; whether there is an existing market for their requirement and how they will engage that market to encourage appropriate levels of competition; what their contracting and procurement strategies will be; what data and baselines exist or need to be generated for a successful 'Payment By Results' regime; whether a pilot implementation period is required; and how to be better prepared for the potential impacts of corporate failure on the continuity of public services.

1.4   The playbook is currently being developed through iterative discussions with industry and central government departments.

Information about the market

> **3: PAC conclusion:** *The Government has created a merry-go-round procurement culture that encouraged a small number of companies to bid for contracts that they knew they would be unable to deliver for the agreed price.*
>
> *The Government's procurement process incentivised both Government and companies to focus more on the process of tendering and winning bids than on ensuring the right supplier could provide the right service at the right price.*
>
> *The Government has failed to use its unique position in the market to encourage competition in the market; and appears to have no plan or targets for the development of the markets in which it operates; nor does it have the underlying data necessary to develop such a plan.*
>
> *The Government is a uniquely powerful player in these markets but has failed to understand or manage the market. Public sector contracts cover a wide range of activities and are provided by a wide range of companies. Government has little understanding about how it influences the market and displays little strategic thinking into how it could, or should, be examining or influencing those markets.*

> **3: PAC recommendation:** *The Committee recommends that the Cabinet Office develop an approach to examining the market to provide it with better intelligence on the motivations and intentions of companies currently bidding for central Government work.*

3.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

3.2   The Government Commercial Function in the Cabinet Office coordinates the work of commercial professionals across Government to engage with and manage work with third party suppliers. The Cabinet Office provides supplier, market and sector intelligence to Departments on the motivations and intentions, and increasingly, on performance of the strategic suppliers.

3.3   The Crown Representatives and Strategic Partnership Managers are experienced business professionals and industry experts who provide advice to Government about the commercial relationship between strategic suppliers and Government. They work across Departments to ensure a single strategic view of the Government's needs are communicated to the market. This includes an analysis of sector specific issues, engagement with the investor community to analyse risk, and engagement with strategic suppliers to understand their Government bid pipeline.

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[52] https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-governent
and https://www.gov.uk/government/publications/orange-book

3.4   The Cabinet Office will continue to develop this approach to examining the market to provide better intelligence and coordination of the Government pipeline, and the motivations and intentions of companies currently bidding for central Government work.

Publicly available information

> **4: PAC conclusion:** *Parliament and the public do not have access to straight forward, comprehensive and comprehensible information about government contracting. Transparency is key but still too many contracts are secretive or opaque. Quite frankly the taxpayer deserves better. A standard set of contract information should be made publicly available after a contract has been agreed. That information must include the contract value, length and KPIs, together with a list of other public sector contracts won by the successful company. The Government should consider more "open book" methods of running contracts.*

Small and medium sized enterprises

> **5: PAC conclusion:** *The Government has committed to greater use of SMEs as direct contractors and announced measures to improve treatment of SMEs in the supply chain. The Committee has, however, seen little evidence of action. The Committee recommends that when the Government publishes details of its proposals to support SMEs it includes an assessment of the wider benefits of increasing the pool of potential suppliers to Government.*

> **4-5: PAC recommendations:** *There is no excuse for small and medium supplier businesses not being paid on time. The Committee recommends that the Government considers a project bank account approach and reviews the impact on small business.*
>
> *The Committee expects the Government's proposals for supporting SMEs to include measures to address: delays in payment, retention payments, preferred supplier discounts, increasing the use of Project Bank Accounts, reducing the barriers to the direct bidding to Government, and supporting consortia bidding.*
>
> *The Committee recommends that the Government consult with SMEs on the most appropriate way to incorporate these measures into contracts.*

4.1   The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2   Central Government is committed to paying 80% of undisputed invoices in 5 days and the remainder in 30 days. The Public Contracts Regulations 2015 already require 30-day payment terms to be included in all public contracts and passed down through the public sector supply chain.[53]

4.3   The Government published a consultation on prompt payment by Government suppliers on 10 April 2018, which included investigating options for excluding suppliers from major central government procurements if they cannot demonstrate fair payment practices.[54] The results of this consultation were published on 29 November 2018.[55]

4.4   Project Bank Accounts (PBAs) are recognised as an effective mechanism for facilitating fair payment to the construction supply chain, but have limitations to their universal application, as they essentially have trust status. Current policy on PBAs states that Government Departments should use them on construction projects unless there are compelling reasons not to - for example: if the subcontractor contract is very small, paid more frequently than monthly or the supply chain is short, meaning it is not always cost effective or efficient for Departments to use them.

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[53] http://www.legislation.gov.uk/uksi/2015/102/contents/made

[54] https://www.gov.uk/government/consultations/prompt-payment-by-government-suppliers

[55] https://www.gov.uk/government/news/crack-down-on-suppliers-who-dont-pay-on-time

4.5   The Department for Business Energy and Industrial Strategy is currently reviewing responses to a consultation conducted in March 2018, which sought views on improvements to corporate governance within companies that are in or are approaching insolvency.[56] Cabinet Office will work with BEIS to deliver any measures developed through the consultation.

Outsourcing

> **6: PAC conclusion:** *The Committee's evidence has highlighted a concern that contracting bodies do not always have a sufficiently clear understanding of the service that they are outsourcing. Public bodies can consider outsourcing to be an opportunity to transfer problems to a private company. Transferring risk is illusory in most cases as the Government retains the ultimate risk of failure to deliver certain services.*

Improving contracts

> **7: PAC conclusion:** *Poor contract specification leads to uncertainty, which can cause cost increases, delay and failures to deliver. Imprecise scoping and poor information at the tendering phase can also lead to an adversarial environment that makes it more difficult to reach resolution. The Government needs to ensure that contracting bodies balance front line understanding of a service, project management skills and commercial and financial considerations when designing contracts. The Cabinet Office has a role in ensuring that this balance is achieved.*
>
> *Poor-quality Government data is a perennial concern for the Committee. The Government needs to be clearer about the problem it is outsourcing and clear when its own data is flawed or incomplete.*

> **6-7: PAC recommendation:** *The Committee recommends that Government set out how it will improve the reciprocal due diligence between the Government and its suppliers. Government has a right to assure itself that a company is competent and capable of delivering the contracted service. The company also has a right to expect the Government to specify accurately what service it is contracting.*

6.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

6.2   The Cabinet Office is reviewing what financial information it should seek and what processes it should undertake in order to assess suppliers' financial health both at the time of procurement and on an ongoing basis. While such assessments rarely provide complete assurance, as they have to be based on the latest published information, this work will enable the Government to assess the level of risk that should be accepted, the extent to which we rely on historical financial information as an indicator of future financial health, and whether it is appropriate to seek and rely on forecast information.

6.3   Playbook guidance will improve due diligence between the Government and its suppliers by ensuring that contracting authorities and suppliers are more transparent with each other throughout the commercial lifecycle. The playbook will include guidance on how government can make better Make versus Buy decisions, through strengthened approvals processes for outsourcing decisions, opportunities for piloting before contracts are let, and how best to specify Government requirements to potential suppliers. The Government is currently engaging constructively with suppliers to shape the detail of the playbook.

> **8: PAC conclusion:** *The introduction of a standard contract is welcome and appropriate for the majority of typical procurements. When the Government procurements are more complex, a more flexible and intelligent approach to contracting is required.*

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[56] https://www.gov.uk/government/consultations/insolvency-and-corporate-governance

> **8b: PAC recommendation:** *The Government must ensure that the procurement process for more complicated projects includes a comprehensive sensitivity analysis and scenario planning.*

8.1   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

8.2   Recognised guidance and methods are available, for example through consideration and use of the Treasury Green Book (updated in 2018), to assist in creating objective and evidence-based options[57]. The available Business Case Guidance is in the process of being updated by the Treasury with the Government Commercial Function, to specifically update guidance regarding the "commercial dimension" of the well understood five-case model used in Government. The update and associated guidance for the commercial dimension will be available by the end of FY 2018/19.

8.3   The playbook will build upon and complement the principles established in the Treasury Green and Orange Books, which already require contracting authorities to undertake a full assessment of project risks. Compliance with the playbook will be tested through a strengthened central approval process for complex outsourcing.

> **8c: PAC recommendation:** *Government should look at the lifetime cost and value of a contract, not just the bottom line at the point the contract is commissioned. Government needs to get better at managing contracts through their life. To do this it needs to facilitate significant uplift in skills.*

8.4   The Government agreed with the Committee's recommendation.

Target implementation date: December 2019.

8.5   The Government's response to upskilling was announced by the Chancellor of the Duchy of Lancaster at his speech to Reform in June 2018.[58] The Cabinet Office is looking to ensure that all 30,000 Contract Managers across central Government receive high quality training enabling them to manage contracts and suppliers more effectively. Subject to funding, the Cabinet Office aims to ensure the top 500 'gold' contracts are managed by accredited contract managers by December 2019.

> **8d: PAC recommendation:** *Government should consider using a partnering model, as used in construction to create co-dependent relationships, for major, risky contracts to incentivise suppliers to deliver effectively alongside Government, and to ensure Government has proper oversight and skin in the game on vital public services.*

8.6   The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

8.7   When assessing options for the delivery of public services the Government will examine a variety of potential commercial vehicles, which may include partnering, joint ventures and mutuals, and whether they are the best way to ensure delivery and value for money in the circumstances. Specific examples of successful partnering with the private sector include the West Midlands Police transformation partnership with Accenture and a joint venture between Capita and Defra to operate the Food and Environment Research Agency (Fera). In both sets of circumstances, a partnering approach allows for more appropriate joint risk allocation, shared oversight of delivery, and greater innovation.

8.8   The Cabinet Office aims to ensure that risk is placed with the party best able to manage it. This means requiring prime contractors not to flow risk inappropriately to subcontractors, and not to assert that they can manage risk that is in fact better managed by Government. All parties should also be prepared to share intelligence of supply chain risks, so that material commercial and operational risks, for example the impact of losing a key supplier, can be mitigated.

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[57] https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-goverment
[58] https://www.gov.uk/government/speeches/chancellor-of-the-duchy-of-lancaster-speech-to-reform

8.9   The questions set out in the playbook will enable contracting authorities more effectively to assess the suitability of using a partnering model to deliver services.

Price, quality and value

> **10: PAC conclusion:** *The current procurement environment encourages Government and suppliers to place too much emphasis on price at the expense of quality. Tendering exercises must have an appropriate quality threshold and contracting bodies need to have sufficient understanding of the market to identify bids that are too low to enable the supplier to sustainably deliver to the required standard.*
>
> *The Committee's evidence suggests that some companies have bid at a price that provides little or no margin with the expectation that subsequent variations will enable them to make a reasonable return.*
>
> *The Committee has real concerns about a race to the bottom in pricing. A number of suppliers are now going through corporate cleansing and refusing to bid for contracts where the profit margins are low. Such cleansing has not stopped them doing this in the past. Too often suppliers will also pass cost-cutting down the supplier chain without due regard for long-term implications. Government has to be an intelligent customer and be clearer about the impact of pricing models on the long-term delivery of a project. A saving today can simply shunt costs into the future.*

> **11: PAC conclusion:** *Cabinet Office is obliged to consider wider social benefits of procurements under Section 3 of the Public Services (Social Value) Act. The underuse of the Act could be taken as further evidence that cost overrides any other consideration Government makes in awarding contracts. The enthusiasm of suppliers to see the Act better used gives Government an open goal to achieve more social value.*

> **10-11: PAC recommendation:** *The Committee recommends that there be an expectation of including a social value evaluation in Government procurements and that contracting bodies provide the Cabinet Office with an explanation if they wish to remove the provisions. Government should, as part of every procurement tender, require plans to add social value and ensure social value is a weighted criterion for contract awards. Government should enshrine winning bidders' social value commitments into contracts and agree appropriate KPIs for monitoring delivery. The Committee recommends the Government include terms in their standard contracts that provide assurance that the company has appropriate corporate governance and corporate social responsibility policies in place.*

10.1   The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2019.

10.2   The Government announced a package of measures on social value on 25 June 2018 including extending the requirements of the Public Services (Social Value) Act 2012 in central Government to ensure all major procurements explicitly evaluate social value where appropriate[59]. All Departments will be required to report on the social impact of major new procurements and the Cabinet Office will train all 4,000 of the Government's commercial buyers in how to evaluate social value and procure successfully from social enterprises. In addition, the Government will develop proposals for its major suppliers to provide action plans on how they are addressing key corporate social responsibility policies such as ethnic minority representation in their workforce, the gender pay gap throughout the company and what they are doing to tackle modern slavery.

Skills and oversight

> **12a: PAC recommendation:** *Government needs to step up its skill development within Departments so that contracts are specified better from the outset.*

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[59] http://www.legislation.gov.uk/ukpga/2012/3/enacted

12.1   The Government agrees with the Committee's recommendation.

Target implementation date: December 2019**.**

12.2   The Government's response to upskilling was announced by the Chancellor of the Duchy of Lancaster at his speech to Reform in June 2018. The Cabinet Office is looking to ensure that all 30,000 Contract Managers across central Government receive high quality training enabling them to manage contracts and suppliers more effectively.

Crown representatives and risk assessments

> **14: PAC conclusion:** *The Government's RAG rating system is not working, either as a carrot, or as a stick. The RAG rating system is a management tool that provides civil servants with a shorthand assessment of a supplier's performance. A decline in a company's RAG status appears to have no material impact, other than to trigger closer scrutiny from the Cabinet Office as set out in the Strategic Supplier Risk Management Policy.*
>
> *The Committee does not accept Cabinet Office's rationale for failing to give Carillion a High-Risk rating. Given the caution with which Government treats risk assessments the Committee believe it is highly improbable that a High-Risk rating would become public. The Cabinet Office's decision not to do this undermines its own Strategic Supplier Risk Management*

> **14: PAC recommendation:** *The Committee recommends that the Cabinet Office review the Strategic Supplier Management Policy and its application. If RAG ratings are to be of use they need to be applied consistently and based on objective assessment. The Cabinet Office should consider whether it is appropriate that a supplier can appeal against a rating.*

14.1   The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019**.**

14.2   The process works as regards notifying colleagues of potential risks with vendors, but we accept that if RAG ratings are to be of use they need to be applied consistently and based on objective assessment. Cabinet Office are in the process of reviewing the policy, and the review will be complete by the end of 2018.

14.3   The Review is now close to a conclusion, and Ministerial approval has been sought for the proposed changes. However, the Review has not yet been concluded. It remains the expectation that changes to the policy (including the ratings system) will take place as a result of the Review with an announcement anticipated to take place in February or March 2019.

> **15: PAC conclusion:** *The Committee considers that the Cabinet Office overstated the potential impact of publishing the past risk assessments relating to the Government's remaining Strategic Suppliers. However, the Committee accepts that some material risk of damage exists and particularly to smaller supply chain businesses and their employees, and have therefore decided not to publish the documents in full at this time.*

> **15: PAC recommendation:** *The Crown Representative system is at risk of under-resource and high staff turnover. The Cabinet Office should consider how to make the role sufficiently attractive to attract and keep individuals of an appropriate calibre.*

15.1   The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

15.2   The Government agrees that it should continue to make the role attractive and keep individuals of an appropriate calibre.

15.3   In its present form the Crown Representative programme is adequately funded for the 19 Crown Representatives currently in post, but the Government agrees that to expand the programme any further would require further resource. Crown Representatives are a key strategic role for Government. The role is the subject of regular review, and since the start of the programme in 2012 the Government has consistently attracted high calibre individuals to fulfil Crown Representative roles.

15.4   The Government has also recruited individuals with specific areas of expertise such as Small and Medium-sized Enterprises (SMEs), Voluntary, Community and Social Enterprise (VCSE) and the Banking and Energy sectors.

15.5   Crown Representatives are part time, experienced executives who are contracted with Cabinet Office to provide their advice and a conduit between Government and board level executives in the strategic suppliers. Crown Representatives are complemented by full time civil servants. The Strategic Partnership Managers focus on specific strategic suppliers and work across government together with the Crown Representatives to ensure that there is a coordinated approach towards each strategic supplier.

> **17: PAC conclusion:** *The Joint Report from the Business, Enterprise and Industrial Strategy and Work and Pensions Select Committees sets out the key facts about Carillion's business approach, corporate governance and financial performance and reporting. The Committees' conclusions and recommendations are a damning litany of incompetence and self-delusion at the top of the company. Several aspects of the company's, and its advisers', activities continue to be investigated by outside regulators, including The Pensions Regulator and the Financial Reporting Council.*
>
> *The net loss to Government of carrying out the liquidation is currently estimated at £148 million, but the final sum is uncertain. The wider costs to former Carillion workers, pensioners, investors, the supply chain, and other creditors remain unclear. Carillion's shareholders and lenders bore the brunt of much of financial penalty for the company's failure. Many of Carillion's subcontractors and suppliers took a very large penalty as Carillion had accrued significant credit through late payments which, even if the contract had been taken over, were unlikely to be paid.*
>
> *The Committee welcomes the Government's intention to introduce a requirement for suppliers to produce 'Living Will' contingency documents.*

> **17a: PAC recommendation:** *In response to this report, the Committee expects the Government to provide more detail about how the policy will be implemented; what the documents would contain; and how their contents would be scrutinised, assured and kept up to date.*

17.1   The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

17.2   The Government continues to work with suppliers to create the policy. The policy will need to be proportionate and contain the relevant details, which will allow the Government to enact contingency plans at pace and protect continuity of services in the event of insolvency of the supplier.

17.3   The proposals will require suppliers to put plans in place for what happens if they become insolvent. The suppliers who will need to develop living wills will be those delivering critical public services, or those whose corporate failure would seriously affect government's ability to deliver key public services. While the living wills will relate to suppliers and not individual contracts, it is the criticality of contracts which will determine what data suppliers need to include in the will. The contracting authority would hold corresponding contingency plans to guard against the supplier becoming insolvent.

17.4   The Cabinet Office will review the living wills annually to make sure they are assured and kept up to date.

> **17b: PAC recommendation:** *More complex contracts are more likely to go wrong. The Committee would expect the Cabinet Office to consider the burden of creating and maintaining the living wills and balancing that burden with the complexity of the project and the risk and impact of contract failure.*

17.5   The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

17.6   The Cabinet Office recognises that the creation and maintenance of Living Wills could be burdensome and should be balanced against the benefit. The Cabinet Office would not necessarily expect to require Living Wills because of the complexity of a contract. However, the Cabinet Office would expect the criticality of the public services provided and the impact of corporate failure (i.e. supplier insolvency) on the continuity of such services to inform which suppliers should create and maintain Living Wills. The Cabinet Office would then expect the depth of those Living Wills to reflect the ongoing risk of corporate failure of that supplier.

Treasury Minutes Progress Reports Archive

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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
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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	Cm 9668
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