HM Treasury

Treasury Minutes Progress Report

Update of the Government responses to the Committee of Public Accounts on Sessions 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-19, 2019 and 2019-21

CP 424

May 2021

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Update of the Government responses to the Committee of Public Accounts on Sessions 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-19, 2019 and 2019-21

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by Command of Her Majesty

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Updates of the Government responses to the Committee of Public Accounts Sessions 2010-12 to 2019-21

Treasury Minutes Progress Report

Update of the Government responses to the Committee of Public Accounts on Sessions 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-2019, 2019 and 2019-21

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

This is the 14th 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

Updates on recommendations reported as work in progress

Recommendations fully resolved

#	Report Title
1	Support to incapacity benefits claimants through pathways to work
2	Delivering multi-role tanker aircraft capability
3	Tackling equalities in life expectancy in areas with the worst health and deprivation
4	Progress with value for money savings and lessons for cost reduction programmes
5	Increasing passenger rail capacity
6	Cafcass's response to increased demand for its services
7	Funding the development of renewable energy technologies
8	Customer First Programme: delivery of student finance
9	Financing PFI projects in the credit crisis and the Treasury's response
10	Managing the defence budget and estate
11	Community Care Grant
12	Central Governments use of consultants and interims
13	Department for International Development's bilateral support to primary education
14	PFI in housing and hospitals
15	Educating the next generation of scientists
16	Ministry of Justice Financial Management
18	HM Revenue and Customs 2009-10 Accounts
19	M25 Private Finance Contract
20	OFCOM: the effectiveness of converged regulation
21	Youth justice system in England and Wales: reducing offending by young people
22	Excess Votes 2009-10
23	Major Projects Report 2010
24	Delivering the cancer reform strategy
25	Reducing errors in the benefits system
26	Management of NHS hospital productivity
27	Managing civil tax investigations
28	Accountability for public money
29	BBC's management of its digital media initiative
30	Management of the Typhoon Project
31	Asset Protection Scheme
32	Maintaining financial stability of UK banks: update on the support schemes
33	NHS Landscape Review
34	Immigration: the points-based system – work routes
35	Procurement of consumables by NHS acute and Foundation Trusts
36	Regulating financial sustainability in higher education

Recommendations fully resolved

	Report Title
37	Departmental Business Planning
38	Impact of the 2007-08 changes to public service pensions
39	Intercity East Coast passenger rail franchise
40	Information and communications technology in Government
41	Regulating Network Rails efficiency
42	Getting value for money from the education of 16-18 year olds
43	Use of information to manage the defence logistics supply chain
44	Lessons from PFI and other projects
45	National programme for IT in the NHS: an update
46	Transforming the NHS ambulance services
47	Reducing the costs in the Department for Work and Pensions
48	Spending reduction in the Foreign and Commonwealth Office
49	Efficiency and Reform Group's role in improving public sector value for money
50	Failure of the FiRe Control Project
51	Independent Parliamentary Standards Authority
52	Department for International Development Financial Management
53	Managing high value capital equipment in the NHS in England
54	Protecting consumers: the system for enforcing consumer law
55	Formula funding of local public services
56	Providing the UK's carrier strike capability
57	Oversight of user choice and provider competition in care markets
58	HM Revenue and Customs: PAYE, tax credit debt and cost reduction
59	Cost effective delivery of an armoured vehicle capability
60	Achievement of Foundation Trust status by NHS hospital trusts
61	HM Revenue and Customs 2010-11 Accounts: tax disputes
62	Means Testing
63	Preparations for the roll-out of smart meters
64	Flood risk management in England
65	Department for International Development: transferring cash and assets to the poor
66	Excess Votes 2010-11
67	Whole of Government Accounts 2009-10
68	Major Projects Report 2011
69	Report number not used by the Committee
70	Oversight of special education for young people aged 16-25
71	Reducing costs in the Department for Transport
72	Services for people with neurological conditions
73	BBC's Efficiency Programme
74	Preparations for the 2012 London Olympic and Paralympic Games
75	Ministry of Justice Financial Management
76	Department for Business: reducing bureaucracy in further education in England
77	Reorganising central Government bodies
78	CQC: regulating the quality and safety of health and adult social care
79	Accountability for public money
80	Cost reduction in central Government: summary of progress
81	Equity investment in privately financed projects
82	Education: accountability and oversight of education and children's services
83	Child Maintenance and Enforcement Commission: structured cost reduction

	Report Title
84	Adult Apprenticeships
85	Department for Work and Pensions: introduction of the Work Programme
86	Free entitlement to education for 3-and 4-year olds
87	HM Revenue and Customs Compliance and Enforcement Programme
88	Managing the change in the defence workforce

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.

Relevant reports

- 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)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were eight recommendations in this report. As of the last Treasury Minute Progress Report (CP 313), seven recommendations have been implemented. One recommendation remained work in progress, which is now implemented, 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 agrees with the Committee's recommendation.

Recommendation Implemented

6.2 The Department for Education (the department) has been working to bring the remaining capital contributions to a conclusion. Given the very different nature of the capital contribution 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 other agreements for over 93% of agreed sponsor contributions. The delivery expectations of sponsors have changed significantly since the time when financial contributions were first agreed. Since a policy change in 2010, sponsors are no longer asked to make such capital contributions.

6.3 The department and HM Treasury agreed in December 2020 to write-off the remaining outstanding legacy financial contributions from sponsors to enable them to focus solely on continuing to make positive contributions to providing educational excellence as strong sponsors/trusts.

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

Recommendations fully resolved

	Report Title
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

Updates on recommendations reported as work in progress

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11	Managing NHS hospital consultants	9

Recommendations fully resolved

	Report Title
1	Equipment Plan 2012-2022 and Major Projects Report 2012
2	Early Action Landscape Review
3	Financial Sustainability of Local Authorities
4	Tax Credits error and fraud
5	Responding to change in Jobcentres
6	Improving Government procurement and the impact of Governments ICT savings initiatives
7	Cup Trust and tax avoidance
8	Regulating consumer credit
9	Tax avoidance – Google
10	Redundancy and severance payments
12	Capital funding for new school places
13	Civil Service Reform
14	Integration across Government / Whole Place Community Budgets
15	Provision of the out of hours GP service in Cornwall
16	FiReControl – update report
17	Administering the Equitable Life Payment Scheme
18	Carrier Strike: the 2012 reversion decision
19	Dismantled National Programme for IT in the NHS
20	BBC's move to Salford
21	Police procurement
22	High Speed 2 – a review of early programme preparation
23	Progress in tackling tobacco smuggling
24	Rural Broadband Programme
25	Duchy of Cornwall
26	Progress in delivering the Thameslink Programme
27	Charges for Customer telephone lines
28	Fight against Malaria
29	New Homes Bonus
30	Universal Credit – early progress
31	Border Force – securing the future
32	Whole of Government Accounts 2011-12
33	BBC severance packages
34	HMRC Tax Collection: Annual Report and Accounts 2012-13
35	Access to clinical trial information and the stockpiling of Tamiflu
36	Confidentiality clauses and special severance
37	Supporting UK exporters overseas
38	Improving access to finance for small and medium sized enterprises
39	Sovereign Grant
40	Maternity services in England
41	Gift Aid and other tax reliefs on charitable donations

Recommendations fully resolved

#	Report Title
42	Regulatory effectiveness of the Charity Commission
43	Progress at Sellafield
44	Student Loan repayments
45	Excess Votes 2012-13
46	Emergency admissions – managing the demand
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
59	Criminal Justice System
60	Promoting economic growth locally
61	Education Funding Agency and the Department for Education 2012-13 Financial Statements

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.

Relevant reports

- NAO report: *Managing NHS hospital consultants* – Session 2012-13 (HC 885)
- PAC report: *Managing NHS hospital consultants* - 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)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- *Treasury Minute Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute Progress Report (CP 313), four recommendations remain work in progress as set out below.

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

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

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2022
Original target implementation date: from 2015

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. Negotiations with the British Medical Association (BMA) to reform the contract have been ongoing in some form since 2013. While the department is not currently negotiating reform of the full contract, it is progressing with negotiations with the BMA to implement the new performance pay scheme replacing local CEAs. Performance pay will be implemented from 2022. It is the department's ambition that the reforms will link to productivity growth by motivating staff and rewarding excellence.

1.3 Beyond contractual reform, the national Getting it Right First Time programme is designed to improve medical care in the NHS by reducing unwarranted variations in the way services are delivered. The clinician led programme reviews surgical and medical specialties to share best practice and identify changes to improve care and patient outcomes and deliver efficiencies to make the best use of consultant time. This programme is supported by the Model Hospital, a digital information service to help NHS providers improve productivity and efficiency.

1.4 Through its work on the development of the NHS People Plan, NHS England and Improvement have looked at how the NHS can spread good practice and support continuous improvement by identifying actions that are known to have the biggest impact in releasing time for care. This work will draw together innovation and good practice to promote and enable changes to ways of working that enable teams to improve quality and work more efficiently.

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 agrees with the Committee's recommendation.

Revised target implementation date: Spring 2022
Original target implementation date: April 2016

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 specialties 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. Although not currently progressing, 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.

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 agrees with the Committee's recommendation.

Revised target implementation date: Spring 2022
Original target implementation date: April 2016

4.2 The department is seeking contractual changes that would link pay progression to job planning and an objective based performance assessment process. Discussions with the BMA have been on going in some form since 2013, however full contract reform is not currently progressing.

4.3 The department is moving forward with negotiations to implement a nationally agreed contractual performance pay scheme. with the trade unions. Proposals are being developed to revise local performance pay, with the aim of linking this more closely to job plan objectives and good clinical outcomes.

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

4.5 The NHS Long Term Plan includes a commitment that NHS Improvement will support all NHS providers to deploy e-job planning for the clinical workforce by 2021 to help ensure staff use their time optimally to provide patient care.

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 agrees with the Committee’s recommendation.

Revised target implementation date: April 2022
Original target implementation date: April 2016

5.2 New interim arrangements for local Clinical Excellence Awards covering the period 2018 to 2021 were introduced from April 2018. These awards have since extended to 2022. 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 2022 onwards.

5.3 Proposals for a revised approach to local performance pay post 2022, are being developed as part of the ongoing negotiations with the BMA. 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*'. These will be progressed to the same timetable as changes to local arrangements.

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

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
13	Local government funding – assurance to Parliament
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
42	Universal Credit
43	Public Health England's grant to local authorities

Recommendations fully resolved

	Report Title
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
48	Strategic flood risk management
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

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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10	Care Act – first phase reforms and local government burdens	15
38	Extending the Right to Buy to Housing Association tenants	17

Recommendations fully resolved

	Report Title
1	Financial sustainability of police forces in England and Wales
2	Disposal of public land for new homes
3	Funding for disadvantaged pupils
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
33	Contracted out health and disability assessments
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
40	Managing the supply of NHS clinical staff in England
41	Financial services mis-selling regulation and redress
42	Government spending with small and medium sized enterprises

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.

Relevant reports

- 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)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), five recommendations have been implemented and one recommendation remained work in progress. This recommendation is now implemented, 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 agrees with the Committee's recommendation.

Recommendation implemented

1.2 It is for local authorities to ensure their statutory duties are met. The Department of Health and Social Care (the department) commissioned a comprehensive programme of research to evaluate and inform the ongoing implementation of the Care Act 2014. This research programme consisted of five separate studies that have enhanced 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 specifically focused on the impact the Care Act has had on the support that carers receive.

1.3 The research projects have been completed, and the department has received final project reports back from academics, all of which have been published:

- Care Act Implementation - *Improving Choices for Care: A strategic research initiative on the implementation of the Care Act 2014*;
- Prevention and Capacity Building Activities - *Implementing the Care Act 2014: Building social resources to prevent, reduce or delay needs for care and support in adult social care in England*;
- Market Shaping and Personalisation **(covering two research projects)** - *Shifting Shapes: how can local care markets support personalised outcomes?*;
- Impact on Carers - *Supporting carers following the implementation of the Care Act 2014: eligibility, support and prevention*.

1.4 In addition to this dedicated research programme, the department continues to work with NHS Digital to ensure that national data collections support the monitoring of the 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.

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.

Relevant reports

- 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)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minute (CP 313), the government disagreed with one recommendation, one recommendation was implemented, and three recommendations remained work in progress, all of which are now implemented, as set out below.

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

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

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

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. If implemented, the legislation 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 large-scale pilot of the *Voluntary Right to Buy in the East and West Midlands* is now concluding. *The Voluntary Right to Buy Midlands pilot* has been fully evaluated and the evaluation was published on 8 February 2021.

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

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

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 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 government announced that the pilot would be fully evaluated after completion. As set out above, the government is no longer proceeding with the High Value Assets policy to fund the discounts for the Right to Buy extension.

2.3 *The Voluntary Right to Buy Midlands pilot* has been fully evaluated. The evaluation was published on 8 February 2021. The government is looking at the findings, which will be used to help inform future policy. Any future funding decisions will be taken at future fiscal events.

3: PAC conclusion: ***The commitment to replace homes sold under this policy or 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.***
- ***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.***
- ***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.

Recommendation implemented

3.2 The Ministry for Housing, Communities and Local Government has collected initial data on one for one replacement under the Midlands pilot. *The Voluntary Right to Buy Midlands pilot: annual data release* was released on 8 February 2021 alongside the full evaluation of the pilot. Future data on replacement under the pilot, including starts and completions, will be published annually.

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

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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.

Relevant reports

- NAO report: *Service Family Accommodation*
- PAC report: Service Families 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)
- *Treasury Minutes Progress Report*: March 2019 (CP 70)
- *The Outsourcing Playbook*: Central government Guidance on Outsourcing Decisions and Contracting: February 2019
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were eight recommendations in this report. As of the last update in Treasury Minute (CP 313), seven recommendations had been implemented and one remains 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 agrees with the Committee's recommendation.

Revised target implementation date: November 2021
Original target implementation date: December 2019

3.2 The Ministry of Defence (the department) has researched best practice across all sectors to develop the new Service Family Accommodation (SFA) contracts which are planned for November 2021, consulting extensively with military families and the Families Federations to ensure they will meet the needs of the Armed Forces. Key changes are:

- Increasing competition, resilience and innovation.
- Using latest industry standards.
- Incentivising 'Fixed first time' – reducing disruption for families.
- Using feedback from families to target performance.
- Incentivising preventative maintenance by price per property, not per visit.
- Performance measures are linked to supplier's profit.
- Greater flexibility for scheduling appointments to fit in with occupant's availability.
- Enabling increased use of technology to report faults and track the progress of repairs.

3.3 The department worked with the Crown Commercial Service (CCS) to build a commercial Framework, which included Accommodation Services. Suppliers had to undergo a competition to be on the CCS Framework, which was used to 'call off' for the SFA competitions. Both the Framework and Defence Infrastructure Organisation procurement competitions included pricing and quality evaluation criteria to ensure the future suppliers had the capacity and capability to deliver SFA services successfully.

3.4 As previously reported, the department recognises the Committee's concerns about due diligence and contract management and continues to improve further the department's commercial skills by:

- Strengthening the governance, accountabilities and commercial operating model.
- Investing in senior leadership and hiring new talent.
- Developing commercial skills through a training programme.

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.

Relevant reports

- 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)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- Treasury Minutes Progress Report: February 2020 (CP 221)
- Treasury Minutes Progress Report: November 2020 (CP 313)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minutes Progress Report (CP 313), three recommendations remained work in progress two of which are 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 agrees with the Committee's recommendation.

Revised target implementation date: July 2021
Original target implementation date: Autumn 2017

1.2 A revised Emergency Services Network (ESN) business case was produced in 2019 but it was not sufficiently detailed to pass governance.

1.3 In August 2020, a business case was produced and provided to emergency services stakeholders but was withdrawn in October 2020 as it did not receive the support of the user community.

1.4 Whilst developing the refreshed Full Business Case (FBC), the programme continued to engage with senior user and funding sponsor body representatives, providing the draft strategic, economic, commercial, finance and management cases and the detail of non-core costs which will fall to various bodies over the coming years this includes value for money. A separate work-strand is also defining options for 'Plan B' timed for delivery in Spring 2021. The revised FBC has been drafted and will be issued at the end of April 2021 to go through various governance channels for approval in July 2021.

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 agrees with the Committee's recommendation.

Recommendation implemented

2.2 Delays to implementation of Emergency Services Network necessitated Airwave contract extensions, this currently expires at the end of 2022.

2.3 The Airwave shutdown date and costs have been amended in the new FBC.

2.4 Within the negotiated Airwave extension out to 2022 there are options in place to extend further at the department's discretion.

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 agrees with the Committee's recommendation.

Recommendation implemented

3.2 The programme's technical gate process as well as independent testing is in place. Additional field testing is now built into the test strategy for future products in line with the recommendations in a Lessons Learned report conducted by the ESMCP Independent Assurance Panel on the initial ESN version known as 'Direct 1' provided to a small group of users for evaluation.

3.3 To enable performance testing to demonstrate ESN meets user requirements there are five key testing phases:

- Testing in Reference (on test systems) to prove functionality;
- Testing in Live to prove non-functionality behaviour of solution on the network;
- Validation to test solution against operational processes;
- Evaluation to prove the solution in operational scenarios - this will involve deploying the solution to department's assurance partners;
- Local user testing to prove the solution works/integrates for each individual user organisation.

3.4 The programme works with various bodies including Centre for Protection of National Infrastructure (CPNI) and the National Cyber Security Centre (NCSC) to ensure ESN security is both physically and electronically secure.

3.5 Since late 2017, Transport for London (TfL) has been installing the new cabling infrastructure necessary to support 4G communications in the underground environment and this work is mostly completed with a Concessionaire now appointed that will implement and manage a Neutral Host Infrastructure (NHI) as part of their Telecoms Commercialisation Programme (TCP); this will enable EE to provide ESN and all mobile network operators to provide 4G services for TfL's passengers whilst traveling underground. It will also enable the emergency services to securely and safely communicate underground.

3.6 Once the 4G network is live on the underground, the emergency services will only be able to use standard mobile services until ESN is deployed, i.e. without the network prioritisation and pre-emption (when operational should the commercial network be overloaded ESN will be prioritised over other network users) or the Push to Talk application (this allows a mobile phone to be able to be used like a traditional radio, a button is pressed and that user transmits to a pre-defined group of users until released) and other services.

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.

Relevant reports

- 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)
- *Treasury Minutes Progress Report:* March 2019 (CP70)
- *Treasury Minutes Progress Report* : February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute update (CP 313), five recommendations have been implemented. and one 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 agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: Spring 2017

4.2 The Department for Business, Energy and Industrial Strategy (the department) intends to publish a call for evidence in May 2021 to begin a strategic dialogue between government, consumers and industry on consumer funding and fairness. This publication fulfils the recommendation to clearly present the impact of energy policies on consumer bills. Ensuring the costs of the UK's transition to Net Zero are allocated fairly is a priority and the department wants households and businesses to be confident that all energy users are fairly sharing in the benefits and costs of the transition.

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.

Relevant reports

- 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)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- Treasury Minutes Progress Report: *February 2020* (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), five recommendations have been implemented, one recommendation remained work in progress, which has now been implemented as set out below.

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 agrees with the Committee's recommendation.

Recommendation implemented

5.2 There were 35,146 full time equivalent (FTE) doctors working in general practice (GP) in December 2020, an increase of 438 FTE (608 headcount) over the preceding year. While early retirement and decreasing participation rates remain key issues, recruitment into GP training is growing and the government continues to work with NHS England and NHS Improvement and Health Education England to increase the general practice workforce in England.

5.3 A record 3,793 doctors accepted a place on GP speciality training in 2020-21 against a target of 3,500. From 2021, 4,000 GP training places will be available per year and the proportion of time GP trainees spend in general practice during training will rise from 18 to 24 months from 2022. The Targeted Enhanced Recruitment Scheme continues to encourage GP trainees into hard-to-recruit locations, with an increased 500 places advertised for 2021 recruitment.

5.4. The *Update to the GP contract agreement 2020/21 – 2023/24* included new measures to support the commitment to grow the workforce by 6,000 extra doctors in general practice. These schemes aim to boost recruitment into general practice (for example, General Practice Fellowship Programme), encourage GPs to return to practice (for example, Return to Practice Programme), and support experienced GPs (for example, Supporting Mentors Scheme).

5.5. General practice has played a vital role in the response to the COVID-19 pandemic. The government has introduced financial support for expanding GP capacity during the pandemic and wellbeing support through the *#LookingAfterYouToo: Coaching Support for Primary Care Staff* service. The Department of Health and Social Care and NHS England and NHS Improvement are reviewing levels of bureaucracy in general practice and implementing solutions to reduce unnecessary bureaucracy as they emerge.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2017-19

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90	BBC Engagement with Personal Services – recommendations for BBC
92	Crossrail: progress review
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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.

Relevant reports

- 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)*
- *Treasury Minutes Progress Report*: March 2019 (CP 70)
- *Treasury Minutes Progress Report* : February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute update (CP 313), five recommendations have been implemented and one recommendation remains 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 agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: Spring 2018

2.2 The government has a strong, professional analysis function which is involved in the production of impact assessments for new policies, including Regulatory Impact Assessments (RIAs), in accordance with HM Treasury's Green Book guidelines for evaluation and appraisal. RIAs for the Department for Business, Energy and Industrial Strategy's (the department) policies are submitted to the *Regulatory Policy Committee* (RPC), which offers independent advice and scrutiny of the proposals. The department is also required to produce post-implementation reviews (PIRs) to review legislation and regulation following its implementation, which may involve externally commissioned work. The department also works with independent experts where appropriate, such as forming a panel of technical experts to bring industry and academic knowledge to challenge and support methodological decisions.

2.3 The department intends to publish a call for evidence in May 2021 to begin a strategic dialogue between government, consumers and industry on consumer funding and fairness. This publication fulfils the recommendation to clearly present the impact of energy policies on consumer bills. Ensuring the costs of the UK's transition to Net Zero are allocated fairly is a priority and the department wants households and businesses to be confident that all energy users are fairly sharing in the benefits and costs of the transition.

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.

Relevant reports

- 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)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minute Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), the government disagreed with one recommendation, four recommendations have been implemented, and one recommendation remained 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 agrees with the Committee’s recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: September 2018

2.2 The continued rises in clinical negligence costs are unsustainable and government is committed to addressing this. In 2019-20 the total cost of clinical negligence claims managed by NHS Resolution was £2.32 billion. The Department of Health and Social Care (the department) is working with the Ministry of Justice, HM Treasury, Cabinet Office and NHS Resolution to understand cost drivers and explore possible solutions.

2.3 The government and the NHS have taken significant steps forward. The department is considering the proposals of the Civil Justice Council on fixed recoverable costs for clinical negligence claims up to £25,000 and will consult on next steps. NHS Resolution (which handles negligence claims on behalf of Trusts and GPs) is continuing to make inroads into improving the resolution of claims, including a more widespread use of mediation and robust challenges of inappropriate legal costs.

2.4 The *NHS Patient Safety Strategy*, published in July 2019, sets out what the NHS will do to continuously improve patient safety and, for the first time, includes a specific focus on clinical negligence. In 2021, the department has established a National Patient Safety Programme Board to strengthen oversight and governance of measures to improve patient safety.

2.5 A priority in the Strategy is the safety of maternity care. The government is committed to making the NHS the best place in the world to give birth and is working with NHS England/Improvement and others on increasing the effectiveness of the Maternity Transformation Programme, including launching a new maternity and neonatal leadership training fund. The Spending Review 2020 announced a further £9.4 million to support maternity safety pilots. The pilots will provide cutting-edge training and expert guidance, to improve practice and avoid harm to babies.

2.6 In order to continue to improve patient safety and address the rising costs of clinical negligence, the government announced in Spending Review 2020 that it will publish a consultation during 2021.

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.

Relevant reports

- 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)*
- Treasury Minutes Progress Report: *March 2019* *(CP70)*
- Treasury Minutes Progress Report: *February 2020* *(CP 221)*
- Treasury Minutes Progress Report: *November 2020* (CP 313)

Update to the Government response to the Committee

There were ten recommendations in this report. As of the last Treasury Minute Progress Report (CP 313) eight recommendations had been implemented and the government disagreed with one recommendation. One recommendation remains work in progress and is set out below.

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 agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: Autumn 2020

5.2 The planned publication in March 2020 and then Winter 2020 continues to be impacted by the COVID-19 pandemic and the roll out of the vaccination programme in prisons. Publication is now anticipated in Summer 2021.

5.3 Following publication of the *White Paper Reforming the Mental Health Act* (13/01), NHS England and NHS Improvement (NHES/I) are working to revise data collection. This is to ensure data collection aligns to the commitments on prisoner transfers to a secure hospital set out in this white Paper.

5.4 NHSE/I are also working with mental health service providers to ensure an agreed reporting standard can be applied for the data collections.

5.5 The 2018-19 NHS Benchmarking audit undertaken on 28 February 2019, has been published on the *NHS Benchmarking website*.

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.

Relevant reports

- *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)
- *Treasury Minutes Progress Report*: March 2019 (CP 70)
- *Treasury Minute Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minute (CP 313), one recommendation remained work in progress, which has now been 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.

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.

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department concluded its review into the Sheffield to Rotherham tram-train project and in *wrote to the Committee in March 2021* outlining its findings. The scheme was completed on 24 October 2020 within the revised £75.1 million budget. In the first year of its operation, Sheffield Tram Train exceeded passenger journey forecasts. The scheme now offers an affordable and efficient way for people to travel directly between Sheffield City Centre and Rotherham, and in pre-pandemic days, the department saw an average of 20,525 journeys per week on the Tram-Train route. Its success has generated strong interest from local authorities across the UK and over ten transport authorities, including Manchester, Birmingham, Glasgow and Cardiff are among the places considering similar schemes. As intended, the expertise built in the development of Sheffield Tram Train is being shared in order to ensure future similar schemes can be delivered efficiently and effectively.

4.3 The original October 2020 target date was towards the end of the pilot; however, this did not allow enough time for undertaking a thorough review, consideration of the pilot, writing the report and clearing this through all required processes.

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.

Relevant reports

- 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)
- *Treasury Minutes Progress Report* March 2019 (CP 70)
- *Treasury Minute Progress Report* February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), one recommendation has been implemented and three 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 agrees with the Committee's recommendation.

Revised target implementation date: December 2022
Original target implementation date: December 2020

1.2 The extant (classified document) Carrier Enabled Power Projection (CEPP) policy statement from January 2018 remains the department's articulation of its intent of how the carriers are to be employed. The department continues to ensure that all plans for the carriers remain as flexible as possible, within the constraints of available resource. The CEPP routine operating model (ROM) is due to take effect post declaration of the full operating capability of carrier strike in December 2023 which will further refine the intent of flexible usage.

1.3 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 and Security Review 2015 stated objective of 'International by design'. Work has commenced to develop the second statement of intent (SOI) agreement with the US regarding future Global Force Management and interchangeability of CEPP capabilities from January 2022.

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 agrees with the Committee's recommendation.

Target implementation date: December 2027

2.2 The Type 23 frigates are to be replaced by Type 26 and Type 31 frigates. There is a managed transition plan in place and the department will write to the Committee as requested should unforeseen events in either the Type 26 or Type 31 programme create a capability gap. At all times, the availability of accompanying naval warships and support vessels are considered in the ambition and scope of planned deployments.

2.3 The department has recently reaffirmed its commitment to the sustainment of the Royal Navy fleet of frigates and destroyers including a commitment to build all 8 of the Type 26 anti-submarine warfare frigates, five Type 31 general purpose frigates and with planning underway for a future family of five T32 frigates to support our future mine hunting capability.

2.4 Additionally the department has recently confirmed its intent to launch the competition to build a class of three Future Solid Support (FSS) vessels. FSS will ensure the Carrier Strike Group will be able to operate globally and independently of other nations' support creating a truly sovereign capability.

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.

Revised target implementation date: June 2022
Original target implementation date: December 2020

4.2 As reported to the Committee in the progress update to the Twenty-Third report (2019-21) on Carrier Strike, (recommendation 3 (page 224)), the department continues to develop a fuller understanding of what Carrier Strike will cost to operate and support in the future.

4.3 The Permanent Secretary *wrote to the Committee* on 18 December 2020 and provided provisional estimates for Carrier Strike support costs as agreed.

4.4 As reflected in the 2020 National Audit Office (NAO) report *Carrier Strike – Preparing for Deployment*, following the first operational deployment in 2021, the department will have the necessary data to understand more fully the costs of supporting and operating the capability and will report back accordingly in line with the revised implementation date.

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.

Relevant reports

- 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 Minute Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were nine recommendations in this report. As of the last Treasury Minute (CP 313), seven recommendations have been implemented, two recommendations remained work in progress, one of which has been implemented, as set out below.

4: PAC conclusion: ***The Committee is concerned that the cost of living, in particular housing costs, is making it difficult to recruit and retain teachers in some parts of the country.***

4: PAC recommendation: ***The Department should set out how it will take account of the housing requirements for teachers, particularly in high-cost areas, in order to support recruitment and retention. It should take a more strategic role, particularly as this is an issue that goes across Whitehall, when considering initiatives to support teachers to ensure that funding for these has a real impact.***

4.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 The Department for Education (the department) is taking action to support schools with the greatest teacher recruitment and retention challenges by delivering targeted programmes and funding, which ensure national initiatives have impact where they are most needed. This includes regionally-targeted financial incentives such as Early Career Payments, as well as over £40 million in scholarships funding, from 2017 to 2020, to support teachers in the areas of greatest need to take up National Professional Qualifications.

4.3 The department sought to test whether there was clear and sufficient demand for more teacher housing in high-cost areas as part of the surplus land pilot. This was a pilot between 2018 and 2020 exploring how to reconfigure school properties with surplus buildings/land to unlock funds for additional capital investment in school buildings and release land for homes. Discussions with potential schools and site owners did not provide evidence of demand for teacher housing on school sites.

4.4 The teacher recruitment and retention context is changing due to the COVID-19 pandemic – this year (2020-21) the department has provisionally recruited over 41,000 new trainee teachers, 23% more than last year (2019-20). The department is considering the impact of the pandemic on the economy and education and is reviewing its teacher workforce strategy. It will continue to prioritise schools facing the greatest workforce challenges and take into account whether housing costs are a key factor in making it difficult to recruit and retain teachers in some parts of the country.

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 agrees with the Committee's recommendation.

Revised target implementation date: September 2021
Original target implementation date: December 2020

5.2 The department is committed to ensuring high-quality professional development for teachers and is delivering targeted activity to improve the quality of teaching in areas that need it most.

5.3 The Early Career Framework (ECF) will provide newly-qualified teachers (NQTs) with a funded, two-year support package. Targeted early rollout is currently taking place for 1,900 NQTs in the North East, Greater Manchester, Bradford and Doncaster. Around 4,600 more NQTs were targeted and are benefitting from a one-year support package based on the ECF, including in disadvantaged areas.

5.4 Reformed National Professional Qualifications will be rolled out nationally in September 2021 and will drive up teacher quality by promoting great teaching and leadership. The department has invested over £40 million in scholarships to support take-up in the local authority areas where children are making the least progress, many of which are in the Midlands or North of England. From September 2021, the department is rolling out a national network of 87 Teaching School Hubs (TSH), to which every school in the country will have access. TSHs will deliver the ECF, NPQs, initial teacher training and other professional development.

5.5 The department also delivers targeted support through the Opportunity Areas programme, supporting and investing in 12 areas – seven of which are in the North and the Midlands.

5.6 Behaviour in schools affects teacher quality and retention and the department is investing £10m in creating the Behaviour Hubs programme. The Midlands and North of England are well represented amongst the selected lead schools.

5.7 Finally, the department is funding curriculum hubs to raise the quality of subject teaching. The maths hubs programme includes 12 hubs and £8 million for the North of England. There are maths hubs in the North West, North East, Yorkshire, West Midlands and East Midlands. The English hubs programme includes £6.6 million for ten hubs in the North of England and £5.5 million for eight hubs covering the Midlands.

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.

Relevant reports

- NAO report: *The Nuclear Decommissioning Authority's Magnox Contract* – Session 2017-19 (HC 408)
- PAC report: *The Nuclear Decommissioning Authority's Magnox Contract* - Session 2017-19(HC 461)
- *Treasury Minutes: May 2018* (Cm 9618)
- *Treasury Minutes Progress Report*: *March 2019* (CP 70)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute update, (CP 313), two of these have been implemented and four remain work in progress 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 agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: Spring 2019

1.2 The Magnox Inquiry Final Report was published in March 2021, following a substantive delay due to a judicial review process and a subsequent appeal. Now that the Magnox Inquiry final report has been published the Nuclear Decommissioning Authority (NDA will) provide a comprehensive update to the Committee on how the NDA have and will further improve their procurement practices. This will consider both the recommendations of the Magnox Inquiry Interim Report, which the NDA accepted in full and are actively implementing, and those from the Magnox Inquiry Final Report. This will take place by Summer 2021.

1.3 With the publication of the Magnox Inquiry Final Report, the NDA and wider government are making sure that future procurement methodology can be improved in light of the recommendations and advice is updated as appropriate, to ensure the mistakes made in awarding the Magnox contract are not repeated. Progress on changes to advice and guidance by the NDA and the Department for Business, Energy and Industrial Strategy (BEIS or the department), reflecting the findings of the Magnox Inquiry Final Report will be reported to the Committee by Summer 2021.

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

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

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: Spring 2019

3.2 The final report of the independent inquiry into the Magnox Contract was published in March 2021. To be able to account for its findings, the target implementation date for responding substantively to this recommendation has been amended to Summer 2021, that is within six months of publication of the Magnox Inquiry Final Report.

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

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

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: Spring 2019

5.2 The department wrote to the Committee in August 2018 and again in May 2019, setting out the actions it has taken thus far to review and strengthen the oversight of the NDA. The Departmental Review of the NDA is due to be published in Summer 2021. Following this, BEIS will consider the recommendations of the review and provide an update to the Committee within six months.

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

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

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: Spring 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. BEIS 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 was published in March 2021, the target implementation date has been amended to Summer 2021.

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.

Relevant reports

- NAO report: *Investigation into the circumstances surrounding 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)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minute (CP 313) four recommendations had been implemented and one remained work in progress, which has now been implemented, as set out below.

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

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

2.1 The government agrees with the Committee's recommendation

Recommendation implemented

2.2 The Cabinet Office recognises the need to develop a comprehensive risk framework for large and essential suppliers and its letter to the Committee of 21 December 2018 explained the framework that was in place and the steps being taken to bolster it. Further details can be found in the *Treasury Minutes Progress Report: March 2019 (CP 70)*.

2.3 The Department for Education (the department) is following the *Outsourcing Playbook* to identify its 'critical' and 'important' suppliers based on how essential their contracts are to the department's core operations and services. The department uses the Cabinet Office Tiering Tool, which indicates contract criticality on a 'Bronze', 'Silver' or 'Gold' scale. As per the *Outsourcing Playbook*, suppliers of gold contracts are deemed 'critical' and suppliers of silver contracts are considered 'important'.

2.4 The department's critical gold suppliers and selected silver suppliers are now subject to on-going monitoring of their financial health and will be prioritised for resolution planning, which includes service continuity and internal contingency planning.

2.5 In addition, the performance of the department's critical suppliers is subject to greater scrutiny and the *top 3 Key Performance Indicators (KPIs) for gold contracts are published*. The Cabinet Office is seeking to expand KPI transparency to include silver contracts during 2021-22.

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.

Relevant reports

- NAO report: *The Green Investment Bank* - Session 2017-19 (HC 619)
- PAC report: *The sale of the Green Investment Bank* – Session 2017-19 (HC 468)
- Treasury Minutes: May 2018 (Cm 9618)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), one recommendation remained work in progress and is now implemented 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 agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Permanent Secretary at the Department for Business, Energy and Industrial Strategy (the department) *wrote to the Committee* on 23 December 2020 as requested. In the letter, the department set out that it was broadly satisfied the commitments made by Macquarie at the time of the sale have been met by the Green Investment Group and the special share arrangement has worked well, and included a light-touch on the sale's impact on progress towards UK climate goals.

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.

Relevant reports

- 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)
- *Treasury Minutes: Progress Report- March 2019*: (CP 70)
- *Treasury Minutes: Progress Report- February 2020*: (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minutes update (CP 313), five recommendations remained work in progress, three of which have now been now implemented 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.

Revised target implementation date: Summer 2021
Original target implementation date: December 2018

1.2 The Home Office (the department) has taken steps to address this recommendation in a number of ways since its last update, in order to allocate and track resources better and ensure value for money.

1.3 In terms of allocating resources, best practice was followed in awarding the contract for the provision of victim support. The new Modern Slavery Victim Care Contract (MSVCC) launched on 4 January 2021 is categorised as a 'Gold' contract, which requires a recognised and demonstrable level of governance. The supplier's performance will be monitored through an independent inspection framework and a robust contract management regime, including a new suite of Key Performance Indicators to monitor progress.

1.4 The department has continued to track key metrics to understand the impact that the government's modern slavery response is having. This includes monitoring quarterly and annual National Referral Mechanism statistics, which are published on GOV.UK. The department has also continued to work with law enforcement and criminal justice agency partners to track the number of live police operations and police recorded modern slavery offences in order to assess how much this activity is disrupting crime and translating into prosecutions.

1.5 In March 2021, the department announced that it will be undertaking a review of the 2014 Modern Slavery Strategy to develop a revised strategic approach that adapts to the evolving nature of these crimes. As part of the revised strategy, the department will set out the roles and responsibilities across government and with partners in delivering a new strategy, as well as considering measures to track progress in delivering the response. This work will enable the department to finalise the implementation of this recommendation.

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.

Revised target implementation date: Summer 2021
Original target implementation date: Summer 2019

4.2 The department has delivered significant reforms to the National Referral Mechanism (NRM), which have enabled the department to collect data to inform it better of the crime and its victims. In 2019, the department launched a digital referral form to be used by all first responders, and, in January 2020, introduced an integrated digital system which is used by all caseworkers in the Single Competent Authority (SCA).

4.3 The new MSVCC delivers a service that is needs-based and better aligned to the requirements of individual victims, and includes a refreshed baseline set of management information requirements enabling greater reporting on the destinations of victims following their exit from the main service.

4.4 The department is now embarking on an ambitious NRM Transformation Programme to build on its world leading efforts to identify vulnerable victims and provide the support that they need to rebuild their lives. The Transformation Programme will introduce a series of changes to ensure victims have their cases settled promptly, receive support tailored to their recovery needs from the outset, and are empowered to move on with their lives.

4.5 The department undertook user research, engaging directly with survivors, to better understand their recovery needs and their experiences in the NRM. As part of this work, the department reached out to survivors at multiple stages in their NRM journey, including survivors who had already received their positive Conclusive Grounds decisions, and had already exited the NRM, to gain an insight on survivors' experiences as they start reintegrating into local communities. This work will be used to inform future transformation and strategy work concerning the UK's approach to modern slavery.

4.6 The department will continue its work to strengthen data and implement this recommendation by Summer 2021. This will include working with the Modern Slavery Policy Evidence Centre (MSPEC) and the wider modern slavery sector to encourage further research into longer-term outcomes for victims.

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.

Recommendation implemented

5.2 On 4 December 2020, the department wrote to the Committee, detailing the large-scale recruitment of decision-making staff into the Single Competent Authority. In total, over 350 new staff are expected to join the Home Office. Recruiting in these numbers will give the department the capacity to make significantly more Conclusive Grounds decisions than the department is currently able to do with existing resources, and therefore will bring down decision-making timescales for victims. A clear objective of the work in this area is to create a sustainable system which can handle the large increases in referrals seen in recent years.

5.3 The recruitment of the new staff has begun.

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.

Recommendation implemented

6.2 The department has worked with the Care Quality Commission (CQC) to develop an inspection framework, based on CQC's five key lines of enquiry, to assess the quality of support provided to victims in England and Wales who are supported through the MSVCC. This framework is based on the Trafficking Survivor Care Standards and has been developed further with the input of stakeholders and support providers. In Autumn 2019, the department and CQC piloted inspections based on this framework within the previous Victim Care Contract. This framework is now complete.

6.3 Following the launch of the new MSVCC on 4 January 2021, the CQC started conducting independent inspections, to ensure that all accommodation and outreach services provided through the MSVCC are in line with the requirements of the contract. The CQC will be using objective measures and evidence to assess the service and report any good practice and recommendations for improvement.

6.4 The CQC will provide individual reports for each accommodation and outreach inspection and will publish an independent annual report summarising the overall findings on MSVCC support. These inspections will support victim recovery, and the objectives of the new contract, by providing the Home Office with a tool to monitor the effectiveness and quality of the support provided.

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.

Recommendation implemented

7.2 The former Modern Slavery Police Transformation Unit (MSPTU) has supported police forces and Police and Crime Commissioners in sharing good practice. The MSPTU also produced and disseminated guidance on effective investigations, including sharing lessons learned to improve the quality of police investigations.

7.3 In 2020-21, the Home Office continued to fund the police through the Modern Slavery and Organised Immigration Crime Programme (MSOIC). As well as leading the multi-agency Prosecutions Oversight Group (POG), the programme regularly brings together the police, Crown Prosecution Service (CPS), National Crime Agency (NCA), Gangmasters Labour Abuse Authority and others to discuss and resolve issues in preventing successful outcomes.

7.4 Forces in the National Police Chief's Council Crime Business Area accepted recommended changes to force operating models for Modern Slavery Human Trafficking (MSHT). As a result, there was an improved outcome rate for MSHT offences in 2019-20.

7.5 The MSOIC programme has also set up MSHT scrutiny panels with forces and the CPS to understand and overcome local issues with investigations. Each region also has a Vulnerability Strategic Governance Group that is exploitation focused and has responsibility for driving performance regionally. The MSOIC programme has also completed an accompanying guidance document, which will be disseminated more widely.

7.6 Under the MSOIC Programme, a new National Slavery and Trafficking Targeting Centre (NSTTC) has been funded by the National Crime Agency to drive the delivery of a more efficient, effective and coordinated operational law enforcement response to modern slavery across the UK. The department will continue to review the progress of the NSTTC.

7.7 The department will continue to engage regularly with the Independent Anti-Slavery Commissioner and the Anti-Slavery Coordinator for Wales to ensure that government is held to account and delivers a comprehensive, joined up modern slavery response.

7.8 Following the delivery of the MSOIC 2020-21 programme, the department considers this recommendation to be implemented. The Home Office will continue working with police forces to improve their response and has allocated an additional £1.4m to continue supporting the MSOIC programme in 2021-22 after which time forces are expected to take forward the work on a business-as-usual basis.

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.

Relevant reports

- 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)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), two recommendations were implemented, and four recommendations remained work in progress. One of these four recommendations have now been implemented and the other three remain in progress 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 agrees with the Committee's recommendation.

Revised target implementation date: December 2021
Original target implementation date: Autumn 2019

1.2 The government's current priority for adult social care is for everyone who relies on care to get the care they need throughout the COVID-19 pandemic. In 2020-21, the government made £4.6 billion available to local authorities so they can address pressures on local services caused by the pandemic, including in adult social care. Moreover, the government provided over £1.4 billion in specific Adult Social Care funding for infection control, rapid testing in care homes and for strengthening workforce capacity. In

2021-22, the government is also providing an additional £1.55 billion of un-ringfenced COVID-19 funding to ensure councils have the resources they need to manage the immediate and long-term impacts of the pandemic, including in adult social care. On 18 March 2021, the government announced a further £341 million to support adult social care with the costs of infection prevention control and testing.

1.3 Besides funding for COVID-19, the government is providing local authorities with access to over £1 billion of additional funding for social care in 2021-22. This includes £300 million of new grant funding for social care, on top of the £1 billion Social Care grant announced in 2019 which is being maintained in line with the government's manifesto commitment. The government is also enabling local authorities to access up to £790 million of new funding for adult social care though a 3 per cent adult social care precept.

1.4 The 2021-22 settlement will support councils to maintain care services while keeping up with rising demand and recovering from the impact of the COVID-19 pandemic. The government is committed to bringing forward proposals for social care in 2021 to ensure that everyone is treated with dignity and respect and to find long term solutions for one of the biggest challenges facing society.

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 sustainable workforce to meet the populations' future care needs.***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The government analysis suggests that the impact on workforce capacity following the end of the European Union (EU) transition period will be relatively small. While 7% of the existing workforce identify as EU citizens, they will be able to apply under the EU Settlement Scheme, and so the government does not anticipate a sudden loss of this workforce. Furthermore, the flow of EU workers into the sector annually is small compared to the size of the workforce – in 2019-20, fewer than 5% of all workers joining the sector in a direct care role had arrived from the EU in the previous 12 months. Therefore, whilst the effect will vary by regions – with London and South East recruiting higher numbers of care workers from the EU – the government does not anticipate that the end-of-transition will have an immediate impact on wider workforce supply. Nonetheless, it will continue to monitor its impact closely as more data becomes available over the coming months.

3.3 In addition, during the passage of the Immigration and Social Security Coordination (Withdrawal) Act 2020, in response to an amendment from Lord Rosser, the government committed to commission and publish an independent review into the impact of ending free movement on the social care sector. The government will be formally commissioning this review and the report will be published in due course.

3.4 The government is taking action to improve the status of jobs in social care and attract more domestic workers. This includes an ongoing national recruitment campaign and work with Department for Work and Pensions to promote adult social care careers to job seekers.

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 agrees with the Committee's recommendation.

Revised target implementation date: December 2021
Original target implementation date: Autumn 2018

4.2 The Department of Health and Social Security (the department) remains fully committed to supporting the adult social care workforce. The 1.5 million people who make up the paid social care workforce provide an invaluable service to the nation.

4.3 On 21 December 2020, Professor Deborah Sturdy was appointed as Chief Nurse for Social Care, to provide professional leadership to the workforce and act as a voice and champion for the frontline social care nursing workforce in government and the sector. Professor Sturdy will also work to raise the status and standards of social care nursing and wider workforce and work with our national and regional partners to celebrate success.

4.4 The department will work with local authorities, providers and directly with staff to develop a vision for the workforce. We will focus on developing knowledge and skills to ensure all staff can deliver high quality care

4.5 The department is also working with NHS England and Improvement and Health Education England to explore options for integrated long-term workforce planning

4.6 The government is continuing to fund a range of training opportunities to help develop career pathways, support staff to progress to senior management and leadership roles, including expanding the Think Ahead programme, funding Skills for Care leadership programmes, and funding the Workforce Development Fund.

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 agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: April 2019

5.2 The department works alongside partners in the sector to ensure the workforce has enough people to meet increasing demands, with the right skills, knowledge and behaviours to deliver quality, compassionate care.

5.3 The department funds Skills for Care to support recruitment, retention, and workforce development, including the Workforce Development Fund (£12 million in 2020-21). The department worked with Skills for Care to prioritise activity to support the COVID-19 response, including rapid induction training, support for Registered Managers, and sector intelligence. The department has also given local authorities an additional £120 million in 2020-21 to support the sector with its staffing capacity. This funding can be used by providers to support the training needs of new recruits.

5.4 A key part of developing the social care workforce is tackling barriers to closer working with NHS staff and creating pathways that enable care staff to work across health and social care settings. The *NHS People Plan 2020-21* emphasised the need for closer partnership at every level in order to ensure social care has the support it needs.

5.5 The department will set out its vision for the workforce, focused on developing new career pathways to equip staff at all levels with the right skills to deliver high quality care. The one-year settlement and the need to support the sector through the COVID-19 pandemic, including learning the lessons of COVID-19, means the department is continuing to develop a strategy to support the sector's longer-term workforce development in line with wider Adult Social Care proposals to be brought forward in 2021. The department is also working with NHS England and Improvement and Health Education England to explore options for integrated long-term workforce planning.

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.

Relevant reports

- NAO report: Investigation into 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)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- *Treasury Minutes Progress Report* February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), the department disagreed with one recommendation, four were implemented and one remained work in progress which has now been 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 agrees with the Committee's recommendation.

Recommendation implemented

1.2 Tata Consultancy Services (TCS), has recommenced legal proceedings against DBS relating to delays and the ticket price. DBS is providing a defence and counter-claim. The court case is likely to be heard early in 2023. DBS continues to be supported by Home Office, the Government Legal Department and its external legal advisers.

1.3 DBS IT and contact centre suppliers, CGI and Hinduja Global Solutions, have been in place since March 2020 and service delivery is in accordance with the agreed contractual service levels.

1.4 The DBS *wrote to the committee* on 17 November 2020 setting out its modernisation plan including the cost implications.

1.5. The modernisation plan is on track for delivery with a completion due for April 2023. The plan comprises of four workstreams contributing to the delivery of new Digital services. The workstreams are:

- Enhance algorithm Performance
- Digital Service for Standard and Enhanced checks
- Digital Certificates for all results
- Digital Update Service

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.

Relevant reports

- 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)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minute (CP 313), four recommendations have been implemented and one recommendation remained work in progress, 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 agrees with the Committee's recommendation.

Revised target implementation date: Winter 2021
Original target implementation date: Spring 2021

1.2 The *NHS Long Term Plan* set out an ambition of boosting 'out-of-hospital' services to deliver more timely and proactive care in the community, giving people a better experience and helping to reduce pressures on emergency services.

1.3 The development of Primary Care Networks from 2019 supports general practice and local partners to work together to deliver more preventive services. Funding to exceed £1.4 billion by 2023-24 allows networks to recruit additional staff, including clinical pharmacists, social prescribing link workers, physiotherapists and physician associates. Enhanced health in care homes and anticipatory care service requirements will require networks to work with Community Health Service (CHS) providers and others in multidisciplinary teams.

1.4 In the CHS, all parts of England will be expected to deliver two new community-based response standards by 2024: crisis response at home within two hours and reablement care within two days of referral, seven days a week. This will help prevent avoidable admissions to hospitals.

1.5 The Better Care Fund, with the Disabled Facilities Grant as part of it, drives forward the integration of health and social care in England.

1.6 The 2014 Care Act makes clear that local authorities must meet the eligible needs of people in their area subject to a financial assessment. They must provide/arrange services that help prevent/delay people developing needs for care and support and not just wait to respond to a crisis.

1.7 Funding decisions on social care beyond 2021-22 will be decided at the 2021 Spending Review.

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

Relevant reports

- 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)
- Treasury Minutes Progress Report March 2019 (CP 70)
- *Treasury Minutes Progress Report* February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), two recommendations have been implemented and the department disagreed with three recommendations. One recommendation remained work in progress and is 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.***

Recommendation no longer taken forward
Original target implementation date: Summer 2019

1.1 The government agrees that value for money is of primary importance and applies a strict scrutiny process to projects. It also recognises the Committee's concerns about the absence of data on the performance of PFI or PF2. In response to the Committee's recommendation, the IPA has collated data provided by the Department for Education and the Department of Health and Social Care covering a large number of assets. This has been a complex and cross-cutting process, involving both government departments and different data sets.

1.2 Unfortunately, for a number of reasons the government is unable to conclude this analysis. The government will write to the Committee shortly to explain the position.

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.

Relevant reports

- 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)
- *Treasury Minutes Progress Report* March 2019 (CP 70)
- *Treasury Minutes Progress Report* February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), two recommendations remained work in progress, 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 agrees with the Committee's recommendation.

Revised target implementation date: Winter 2021
Original target implementation date: November 2018

1.2 Following the completion of the on-site inspection of properties across the 27 defence sites, the Ministry of Defence (the department or MOD) and Annington Property Limited (Annington) were unable to agree a number of elements of the valuation and proceeded to a process of binding arbitration for the twenty-seven representative sites. The hearing on the first four of these sites concluded on 14 July 2020 with the outcome announced in late September 2020.

1.3 A further hearing for a second batch of eight sites began on 8 February 2021 and the outcome is expected in late spring 2021. The hearings covered a complicated range of issues. Remaining sites were considered in the light of the first two hearings and may result in a third round of arbitration which will be held in early summer 2021. The results of the arbitration will be communicated as soon as the arbitration is complete but is currently commercially sensitive.

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 agrees with the Committee's recommendation.

Revised target implementation date: Winter 2021
Original target implementation date: March 2022

5.2 The department has continued to reduce the number of vacant properties across the UK Defence Estate from 11,500 (23%) to 9,792 (20%) at December 2020. Three main factors have caused the shortfall against the forecast of 8,857 (17.9%):

- continued decline in take-up of service family accommodation (SFA), driven partly by the success of the Forces Help to Buy Scheme, enabling over 20,000 Service Personnel to purchase their own homes,

- the freeze on service personnel assignments as a result of the COVID-19 pandemic, affecting the disposal of properties in the first quarter of 2021, and

- change in government guidelines in response to COVID-19 in respect of issuing notices to vacate to civilian sublet tenants.

5.3 The implementation of a Void Reduction Plan is enabling the reduction of vacant properties. Its aim is to dispose of properties by increasing the number of hand-backs to Annington, whilst meeting an increased demand from eligible service personnel, and a short-term sub-let programme which helps alleviate the UK's housing shortage and provide reinvestment funding.

5.4 In certain locations, the disposal of SFA is dependent on wider MOD estate rationalisation; any delays to departmental plans may impact adversely on planned disposal dates. The COVID-19 pandemic has also restricted the department's ability to hand back properties to Annington. In contrast, the recently announced Fiscal Stimulus funding will allow the department to upgrade around 900 SFA units in areas of high demand, enabling these properties to be allocated to service families.

5.5 The department is currently refreshing its accommodation strategy and will take the opportunity to use that to inform a new void reduction date target. The department intends to publish the strategy by Winter 2021 and will write to the Committee with the specific void reduction date by December 2021 following the publication of the strategy. The target is to reduce the number of voids to 10%.

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.

Relevant 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)
- *Treasury Minutes Progress Report*: March 2019 (CP 70)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were eighteen recommendations in this report. As of the last Treasury Minute (CP 313), sixteen recommendations have been implemented, one recommendation disagreed with and one recommendation remains work in progress, as set out below.

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.***

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.***

8.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2022

8.2 The Cabinet Office is looking to ensure that all 30,000 Contract Managers across government receive high quality training enabling them to manage contracts and suppliers more effectively. Due to the COVID-19 pandemic all face to face training and accreditation paused in March 2020 and efforts focused on turning all contract management training and accreditation into online accessible courses.

8.3 Training was reintroduced virtually in December 2020 and 500 Silver and Gold Contract managers commenced their training at the end of March 2021. In February 2021, the programme also hit the milestone of having 10,000 foundation accredited contract managers across government.

Sixtieth Report of Session 2017-19

Department for Education / Ofsted

Ofsted's inspection of schools

Introduction from the Committee

The Office for Standards in Education, Children's Services and Skills (Ofsted) plays a vital role in making sure that children in schools across England receive the quality of education that they deserve. We recognise that Ofsted's budget has been cut significantly in recent years, and the amount it spent on inspecting the schools sector fell by 52% in real terms between 1999–2000 and 2017–18. However, this has led Ofsted and the Department for Education to focus narrowly on the cost of inspection, rather the value of getting independent assurance about schools' effectiveness. There have been clear shortcomings in Ofsted's performance—it has completed fewer inspections than planned, it has failed to meet its targets for how often schools should be inspected, and schools are being left for longer between inspections. Ofsted now inspects good schools through just a short one-day inspection, and, under legislation, outstanding schools are exempt from routine re-inspection altogether. Ofsted is therefore not providing the level of independent assurance about the quality of education that schools and parents need.

As well as reporting on individual schools, HM Chief Inspector's role includes advising ministers about the quality of schools. Championing standards is an important part of any independent inspector's remit, and we were disappointed that HM Chief Inspector seemed reluctant to offer her views about wider issues affecting the school system. For its part, the Department needs to be clearer about what the purpose of inspection is and where responsibility for improving underperforming schools lies.

Relevant reports

- NAO report: *Ofsted's inspection of schools* – Session 2017-19 (HC 1004)
- PAC report: *Ofsted's inspection of schools* – Session 2017-19 (HC 1029)
- Treasury Minutes: December 2018 (Cm 9740)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were eight recommendations in this report. As of the last Treasury Minute (CP 313), six recommendations were implemented, and two recommendations remained work in progress, which have now been implemented, as set out below.

2: PAC conclusion: ***It is unacceptable that so many schools are exempt from re-inspection and so have not been inspected for six or more years.***

2: PAC recommendation: ***The Department should re-examine the rationale for exempting schools graded outstanding from routine re-inspection, and report back to us on its assessment in December 2018.***

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 On 1 September 2019, the government announced its intention to remove the exemption from routine inspection that applied to state-funded mainstream primary and secondary schools judged 'outstanding' by Ofsted. A consultation ran from 10 January to 24 February 2020 and there was strong support for the government's proposals. The government response to the consultation was delayed due to the COVID-19 pandemic, but was *published on 1 October 2020*. Subsequently, the regulations lifting the exemption gained parliamentary approval in November 2020. It is intended that inspections of outstanding schools will begin alongside the wider resumption of Ofsted's routine school inspections. Those inspections remain suspended for the 2021 spring term.

7: PAC conclusion: ***The system for school accountability and improvement is muddled, leading to confusion for schools and parents, and inefficiency where roles overlap.***

7: PAC recommendation: ***As part of its review of accountability, the Department should make clear where responsibility for school improvement lies. The Department, working with Ofsted, should also assess whether the balance of spending is right between different parts of the system for school accountability and improvement, including between Ofsted and the regional schools' commissioners.***

7.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

7.2 On 3 May 2019, the then Secretary of State for Education announced the outcome of the consultation on identifying schools for support. Since September 2019, the Department for Education (the department) has no longer published or used the floor or coasting standards, and instead has used a new single, transparent method for identifying schools eligible for improvement support – an Ofsted grade of 'Requires Improvement'. This is an important step in creating a clearer, simpler accountability system to help reduce undue pressure on school leaders, which can lead to excessive workload that distracts teachers from teaching.

7.3 The department has reviewed spending for school accountability and improvement through the 2020 Spending Review process which concluded in late 2020. As part of this process, the department worked with Ofsted to ensure alignment of their respective proposals for expenditure over the 2021 Spending Review period. Ofsted and the department have already made plans to work closely together through the coming 2021 Spending Review.

Sixty-Third Report of Session 2017-19

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

Interface between health and adult social care

Introduction from the Committee

People with social care needs also have healthcare needs; good social care can prevent ill health and speed up hospital discharge. The health and social care sectors need to work closely to provide people with joined up, efficient care. However, the sectors differ markedly in their structure, funding and culture. The NHS commissions and provides healthcare services that are largely free at the point of use. Local authorities commission social care from a range of mainly private providers. Social care services are means-tested, with many people funding some or all their care. The NHS and social care operate under different legislation, and therefore different financial decision-making and accountability regimes. The Department of Health and Social Care (the Department) is responsible for policy relating to health and adult social care in England, while the Ministry of Housing, Communities and Local Government (Ministry) is responsible for the local government finance and accountability systems. The accountability for the NHS at a national level lies with NHS England and the Department.

Relevant reports

- NAO report: *The Health and Social Care Interface* – Session 2017-19 (HC 950)
- NAO report: *Developing New Care Models Through NHS Vanguards* – Session 2017-19 (HC 1129)
- PAC report: *Interface Between Health and Adult Social Care* – Session 2017-19 (HC 1376)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute Update (CP 313), the government disagreed with one recommendation, three were implemented and two recommendations remained work in progress, as set out below.

2: PAC conclusion: ***The current legislative framework makes it unnecessarily difficult for local areas to pool funds and work together, causing additional cost and wasted resources.***

2: PAC recommendation: ***The Department of Health and Social Care and the Ministry of Housing, Communities and Local Government should ensure that their 10-year plans and the social care green paper address the challenges to integration presented by fragmented funding and separate means testing affecting people who receive adult social care, including consideration of any legislative change needed.***

2.1 The government agrees with the Committee's recommendation

Revised target implementation date: April 2022
Original target implementation dates: December 2018

2.2 Integration is at the heart of the Department of Health and Social Care's legislative proposals for the upcoming Health and Care Bill, and the government has been clear that adult social care is one of its top priorities. As set out in the 2020 Spending Review, the government is committed to sustainable improvement of the adult social care system and will bring forward proposals this year (2021).

2.3 The government will legislate for every part of England to be covered by a statutory integrated care system (ICS), made up of an ICS NHS board and an ICS Health and Care Partnership to bring together health and care organisations and services to work with common purpose and in partnership. This is in line with NHS England's recommendation, developed alongside local government, which was published in February 2021 and formally recognises the need to bring together NHS organisations, local Government and wider partners at a system level to deliver more joined up approaches to improving health and care outcomes.

2.4 The government will be bringing forward the legislative proposals set out in the health and care White Paper, including those on ICSs, when Parliamentary time allows. These will complement and reinvigorate place-based structures for integration between the NHS and local government, such as Health and Well-Being Boards (HWB), the Better Care Fund (BCF) and pooled budget arrangements. The legislation will create a more clearly defined role for social care within the structure of an ICS, with a clear place for local authorities on both ICS NHS boards, and the ICS Health and Care Partnerships. This will give local authorities a greater voice in the overall health and care system and will provide a springboard for closer integration and collaborative working between health and social care on a local level; supported by formal duties in the Bill for NHS ICSs Boards to have regard to HWB plans.

2.5 The government will implement further recommendations to remove barriers to integration through joint committees, collaborative commissioning approaches and joint appointments.

2.6 In addition, the BCF continues to move integration forward by enabling greater cooperation between health and social care partners at a 'place' level through the pooling of budgets for the purposes of integrated care. In 2021-22, the NHS contribution to the BCF will again increase by 5.3% in line with the NHS Long Term Plan settlement. In December 2020, the Ministry for Housing, Communities (MHCLG) and Local Government and the Department of Health and Social Care published a BCF policy statement which confirmed the funding conditions for the BCF in 2020-21, which remain largely unchanged from 2019-20.

6: PAC conclusion: ***There is a wide gap in pay and career structure between people who work in the NHS compared with social care.***

6: PAC recommendation: ***The Department should ensure its workforce plan addresses the previous criticisms made by the Committee and make sure it tackles the longstanding barriers between health and social care, particularly disparity in pay and conditions and the transfer of pension arrangements.***

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: April 2022
Original target implementation date: December 2018

6.2 The vast majority of care workers are employed by private sector providers who ultimately set their pay, pensions and conditions, independent of central government. Local authorities work with care providers to determine a fair rate of pay based on local market conditions, whilst ensuring that every person receives care that provides the dignity and security they deserve.

6.3 The department has given councils access to an additional £1 billion of funding for adult social care as part of the last spending review. This funding is designed to ensure key pressures in the system are met, including National Living Wage and National Minimum Wage. Since the introduction of the National Living Wage in 2016, care worker pay has increased at a faster rate than before.

6.4 The COVID-19 pandemic has shown beyond doubt the extraordinary commitment of social care staff. Collaboration across health and social care has accelerated at a pace during the response, and government is committed to removing barriers that stop the system from being truly integrated. We recognise the pressures on the care system are ever-increasing and we remain committed to longer term reform. This is a complex area and a range of options are being considered. The government will continue to work with Parliament and the sector to ensure that we get reform right.

6.5 The department remains committed to improving recruitment, retention and skill levels within the ASC workforce and to bringing forward a long-term workforce strategy as part of its wider longer-term reform plans. This has been delayed because of the demands of the COVID-19 pandemic.

Sixty-Fifth Report of Session 2017-19

Department for Business, Energy & Industrial Strategy

Nuclear Decommissioning Authority: risk reduction at Sellafield

Introduction from the Committee

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

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

Relevant reports

- PAC report: *The Nuclear Decommissioning Authority: risk reduction at Sellafield* – Session 2017-19 (HC 1375)
- PAC report: *The Nuclear Decommissioning Authority's Magnox contract -* Session 2017–19 (HC 461)
- NAO report: *The Nuclear Decommissioning Authority: Progress with reducing risk at Sellafield* – Session 2017-19 (HC 1126)
- *Treasury Minutes:* January 2019 (CP 18)
- *Treasury Minutes Progress Report* : February 2020 (CP221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute update (CP 313), five of these had been implemented and two remained work in progress as set out below.

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

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

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: Summer 2019

4.2 The *Magnox Inquiry Final Report* was published in March 2021. The Nuclear Decommissioning Authority (NDA), in conjunction with the Department for Business, Energy and Industrial Strategy (the department or BEIS), will update the Committee on the progress that has been made on implementing its recommendations within six months of its publication.

4.3 BEIS and the NDA understand the Committee's position, but also believe that an appropriate balance must be struck between effective oversight and allowing the NDA and Sellafield Limited to deliver. This balance will be subject to ongoing review between the department and the NDA, especially in the light of recently published Magnox Inquiry Final Report and the Departmental Review of the NDA which is due to be published in Summer 2021. The objective of any such change will be to ensure that the NDA has the most effective arrangement in place, and the roles and responsibilities of each organisation are clearly stated.

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

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

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2021
Original target implementation date: January 2020

5.2 The Cabinet Office is currently developing a new programme of arm's length body (ALB) reviews to be carried out over the next 2021 Spending Review period. In advance of the confirmation of that programme, the department decided to undertake a Departmental Review of the NDA along very similar lines to those that were envisaged for a Cabinet Office sponsored review. That review is due to be published in Summer 2021 and the department will set out its response and implementation plan within six months of its publication providing a substantive response to this recommendation.

5.3 The department will consider - in conjunction with Cabinet Office - the role of UK Government Investments (UKGI) but does not support the Committee's view that UKGI is an unnecessary extra layer. Acting as the government's shareholder, UKGI is uniquely able to draw on its extensive expertise in corporate governance and corporate finance to hold NDA's performance to account against the policy requirements of the department.

Sixty-Seventh Report of Session 2017-19

The Home Office

Financial sustainability of police forces in England and Wales

Introduction from the Committee

There are 43 territorial police forces in England and Wales. Each force is headed by a Chief Constable, with authority over all operational policing decisions and staff. Chief Constables report to an elected Police and Crime Commissioner. In consultation with their Chief Constables, Commissioners set objectives for forces in an annual police and crime plan, and allocate the funds needed to achieve these objectives.

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

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

Relevant reports

- NAO report: *Financial sustainability of police forces in England and Wales 2018* - Session 2017–19 (HC 1501)
- PAC report: *Financial sustainability of police forces in England and Wales* - Session 2015–16 (HC 288)
- PAC report: *Financial Sustainability of police forces* – Session 2017-19 (HC 1513)
- Treasury Minute: *Sixty-Seventh Report of Session 2017-19 (CP 79)*
- *Treasury Minutes Progress report* February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minute (CP 313), one recommendation remained work in progress as set out below.

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

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

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: December 2022
Original target implementation date: March 2022

3.2 The government undertook substantial work with police stakeholders in 2016 and 2017 to develop the technical aspects of a potential new funding formula. Good levels of technical progress were made by early 2017. This work was paused in the summer of 2017 due to the General Election. Ministers then decided to focus the Home Office's (the department) work on overall changes in demand on the police and looking at whether the overall quantum of funding for policing was adequate ahead of the 2018-19 police funding settlement. As a result, the funding formula work was not resumed.

3.3 The government has acknowledged that the current funding formula is out of date and has already committed that any new formula would be subject to a full public consultation. The Minister for Crime and Policing has publicly committed to reviewing the formula before the next General Election. The department does not assume that changing the funding formula is a silver bullet for improving force financial resilience. Police and Crime Commissioners and their predecessors have made long-term choices in areas like precept based on the current model. It is essential that any change in the funding formula is well planned, with proper transition arrangements to ensure that the department does not implement changes which could leave a force financially unsustainable.

3.4 The department's priority in 2019-20 was to create an evidence base with the sector to determine the overall size of funding to be provided to the police service. This resulted in the commitment to deliver an additional 20,000 police officers and the Chancellor of the Exchequer set out the government's plans for continued funding of this uplift for 2021-22 in his statement of 25 November 2020 on the 2020 Spending Round, confirming the year 2 funding allocation for a further 6,000 officers. The police funding formula was again used to allocate these officers. Options for revisiting funding allocation and distribution to forces for year 3 are being considered in the context of the 2021 Spending Review.

Seventy-Second Report of Session 2017-19

Department of Health and Social Care

Mental health Services for children and young people

Introduction from the Committee

One in eight five to 19 year olds are thought to have a diagnosable mental health condition. According to a recent NHS survey, the number of five to 15 year olds with a mental disorder has increased over time: rising from 9.7% in 1999 and 10.1% in 2004 to 11.2% in 2017. Mental health issues affect the life chances of individuals in many ways, including their physical health, education and work prospects. The Department of Health & Social Care (the Department) is responsible for mental health policy. NHS England oversees the commissioning of NHS-funded services, either directly or through local clinical commissioning groups. In 2017–18 NHS England and local groups spent around £1 billion on children and young people's mental health services. A range of other bodies—including in schools, public health, local authorities, social care and youth justice services—also have an important role to play in supporting children and young people's mental health.

Launched in March 2015, Future in Mind is the government's cross-departmental vision for children and young people's mental health services and support. Currently, a number of programmes take forward these ambitions, including: the NHS's Five Year Forward View for Mental Health (the Forward View); the accompanying workforce development programme Stepping Forward to 2020/21 (Stepping Forward), led by Health Education England; and joint work by the Department and the Department for Education in response to Transforming Children and Young People's Mental Health Provision: a Green Paper (the Green Paper).

Relevant reports

- NAO report: *Improving children and young people's mental health services* – Session 2017-19 (HC 1618)
- PAC report: *Mental health services for children and young people* – Session 2017-19 (HC 1593)
- Treasury Minutes: April 2019 (CP 79)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were ten recommendations in this report. As of the last Treasury Minute (CP 313), the government disagreed with one recommendation, seven recommendations had been implemented, and two recommendations remained work in progress, one of which is now implemented as set out below.

1: PAC conclusion: ***Most young people with a mental health condition do not get the treatment they need, and under current NHS plans this will still be true for years to come, while many face unacceptably long waits for treatment.***

1b: PAC recommendation: ***From April 2019 to April 2022, the Department and NHS England should provide annual updates to the Committee on:***

- ***progress in implementing and evaluating the pilot schemes for the Mental Health Support Teams in schools.***

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: April 2022
Original target implementation date: April 2020

1.2 Roll out of Mental Health Support Teams (MHSTs) has continued even through the COVID-19 pandemic, and further teams were commissioned in 2019-20 and 2020-21. The 2019-20 cohort is due to become fully operational by the end of March 2021. This reflects a minor delay due to the impacts of COVID-19 pandemic as a result of an extension in the time required for trainee education mental health practitioners to qualify. As a result, the government estimates that 15% of the school age population will be covered by operational MHSTs by March 2021 and are on track to cover at least 20-25% of England by 2023. Further cohorts are planned each year up to 2023-24

1.3 On 5 March 2021, the government announced £79 million funding to expand children's mental health services. This funding will accelerate the coverage of MHSTs in schools and colleges over the next financial year (2021-22), with 112 more teams to be established in 2021-22. Once established, this will bring the total number of MHSTs to around 400, covering an estimated 3 million children and young people (around 35% of pupils in England), by 2023.

1.4 The evaluators leading the independent early evaluation of the programme have reported no significant disruption to fieldwork following closure of schools in January 2021. The evaluation encountered challenges before and during the COVID-19 pandemic, with unavoidable pauses in research in education and health settings and could not therefore be delivered to the originally agreed timeline. The Programme Board and evaluation funder agreed to extend the evaluation's reporting timescales to ensure all research activities could be undertaken as per the research protocol. The length of the study therefore remains as originally outlined, to ensure all originally agreed activities can take place, with revised reporting timescales. A final report is expected in March 2022.

2: PAC conclusion: ***Getting the right workforce in place is the biggest barrier to the government's ambitions for children and young people's mental health services.***

2: PAC recommendation: ***As part of the annual update to the Committee, the Department, NHS England and Health Education England should report on its progress in expanding the children and young people's mental health workforce, setting out any changes they may have made to plans or targets and knock-on effects to other parts of the Five Year Forward View. It should also include an update on recruitment and retention rates for the mental health workforce and make an assessment on any knock-on effect on other professions e.g. nursing and midwifery.***

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 NHS Digital introduced the new mental health workforce statistics in December 2018 using the definition for mental health workforce agreed across arm's-length bodies. This covers only those NHS staff working directly on mental health services. A data collection is being commissioned to establish the final numbers of children and young people mental health (CYP MH) workforce growth as of 31 March 2021 to assess progress against plans set out in *Stepping forward to 2020-21: The mental health workforce plan for England*.

2.3 There continues to be significant growth in the wider Mental Health Workforce, including roles that provide services to CYP but are not CYP-specific training pathways (for example, Mental Health Nurses). The NHS-employed mental health workforce grew from 108,900 in September 2016 to 123,000 in September 2020 – an increase of 14,100 Whole Time Equivalents (13%). These figures do not include non-NHS providers.

2.4 The mental health workforce leaver rate fell from 8.2% in 2018-19 to 7.6% in 2019-20, continuing the downward trend seen in recent years. Latest figures for the 12-months ending November 2020 show the leaver rate fell again to 6.5%; this is a relatively large 1.3% point fall compared to the same period in the previous year. The timing and consistency of patterns across regions and professions suggests that the COVID-19 pandemic has had a significant impact on leaver rates.

2.5 Health Education England (HEE) has made significant progress within its role in expanding the CYP MH workforce. It exceeded the target set out in *Stepping forward to 2020-21: The mental health workforce plan for England* for training 1,700 additional CYP therapists (141%) and upskilling the existing workforce (116%, one year early) by 2020-21.

2.6 HEE has also been working on developments for the CYP MH workforce arising from other drivers, including the *children and young people's mental health green paper* , the *NHS Long Term Plan* including the Eating Disorder and Crisis pathways; CYP MH Inpatient Workforce Development, Quality Taskforce andCOVID-19. This includes training, so far, 760 new roles in mental health support teams and 750 existing staff in inpatient settings.

2.7 The department expects the available supply of workforce to be sufficient to meet the growth outlined in Stepping Forward, where posts are established and levels of turnover of the existing workforce do not absorb the training output.

Seventy-Sixth Report of Session 2017-19

Local Government Spending

Ministry of Housing, Communities and Local Government

Introduction from the Committee

Local authorities provide a wide range of services; for example, parks, libraries, waste collection and temporary accommodation for homeless people. English local authorities spent £39.7 billion on providing services in 2016-17. Spending on social care is taking up an increasing proportion of this spend, leaving less for other services. Spending on services other than social care fell by 32.6% between 2010-11 and 2016-17. The overall levels of funding available to local authorities and the methodology for distributing funding is set by government. The Ministry of Housing, Communities and Local Government (the Department) has overall responsibility within central government for local authorities' funding. This includes bringing together information about the impact of funding reductions on financial and service sustainability, assessing the funding requirements of local authorities as part of spending reviews and supporting the financial sustainability of the sector by changing the overall funding framework if required. The Department supports HM Treasury on decisions about funding for local government, both long-term decisions at spending reviews and shorter-term decisions in between. We and previous Committees have scrutinised how the Department has fulfilled this role on several occasions since 2010, seeking assurance about service levels, service quality and financial sustainability. While the Department asserts that it has improved its understanding of the sector and its insight into the pressures it is under, it has not been open enough to demonstrate to us that this is the case and has rejected some of our recommendations for improvement.

Relevant reports

- NAO report: *Financial sustainability of local authorities 2018* – Session 2017-19 (HC 834)
- PAC report: *Local Government Spending* – Session 2017-19 (HC 1775)
- *Treasury Minute* – April 2019 (CP 79)
- *Treasury Minutes Progress Report* February 2020 (CP221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), the government disagreed with one recommendation, four recommendations had been implemented, and one recommendation remained work in progress.

1: PAC conclusion: ***Central government financial support for local government continues to be characterized by one-off, short-term initiatives, which do not provide value for money, rather than a meaningful long-term financial plan for the sector.***

1: PAC recommendation: ***The Department should work with local authorities to collect and analyse evidence on the impacts on value for money and the implications for service users of providing funding through one-off funding streams announced late in the budgetary cycle rather than through long-term funding arrangements.***

The Department should, within 12 months, write to the Committee detailing the findings from this work and how it will use this evidence base to ensure that both its own funding schemes and those of other departments are structured and announced in a way that delivers maximum value for money.

Recommendation no longer taken forward

1.1 Although the government originally agreed with the Committees recommendation, the Ministry for Housing, Communities and Local Government (the department) has written to the Committee on 30 April 2021 with an explanation as to why it no longer intends to carry out the research requested in the recommendation above.

Seventy-Seventh Report of Session 2017-19

Ministry of Defence

The Defence Equipment Plan 2018-2028

Introduction from the Committee

Since 2012, the Department has published an annual Statement on the affordability of its 10-year Equipment Plan (the Plan). This followed a period of poor financial management, when a significant gap developed between forecast funding and costs across defence. In its 2018 Plan, the Department forecasts £193.3 billion of equipment and support costs between 1 April 2018 and 31 March 2028. This exceeds its £186.4 billion budget, which includes a £6.2 billion contingency, by £7.0 billion. The Department estimates that, should all identified risks materialise, the budget and cost difference for the Plan would widen to £14.8 billion, although this could still be optimistic. The Plan accounts for over 40% of the entire defence budget and the Department needs to manage it effectively to ensure the Armed Forces have the equipment they need to meet their objectives. In January 2018, the government announced the Modernising Defence Programme (MDP), a review of defence capabilities, aimed at making the Equipment Plan affordable. However, the MDP has been slow to conclude, with the Department now delaying financial decisions until the Spending Review 2019. If the Spending Review is delayed until 2020, the risks to capability and the transformation agenda become critical.

Relevant reports

- Ministry of Defence report: *The Defence Equipment Plan 2018*
- NAO report: *The Equipment Plan 2018-28* – Session 2017-19 (HC 1621)
- PAC report: *Defence Equipment Plan 2018-28* – Session 2017–19 (HC 1519)
- Ministry of Defence report: *Refreshing Defence Industrial Policy*
- Ministry of Defence report: *Annual Report and Accounts 2018 - 2019*
- *Treasury Minutes* April 2019 (CP 79)
- *Treasury Minutes Progress Report* February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were ten recommendations in this report. As of the last Treasury Minute (CP 313), one recommendation remained work in progress which is set out below.

1: PAC conclusion*: The Department's Equipment Plan remains unaffordable as government continues to delay decisions on its priorities, and on whether to increase funding or stop, delay or scale back programmes.*

1a: PAC recommendation*: As soon as possible, government must produce an affordable Equipment Plan by: Providing clarity on its priorities and the subsequent decisions made to stop, delay, and scale back areas of the defence programme to make the Equipment Plan affordable.*

1.1 The government agrees the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: January 2020

1.2 The over £24 billion 2020 Spending Review 4-year settlement, alongside the 2021 *Integrated Review of Security, Defence, Development and Foreign Policy*, has allowed the department to begin to move Defence onto a sustainable footing and review Defence's priorities and commitments. It ensures that the department’s budget matches policy ambition by addressing the financial pressure that has existed in the defence equipment budget.

1.3 The defence of the UK will always be led by the threats that must be deterred and defeated. This settlement provides funding above existing commitments and enables the department to develop a sustainable plan for equipment spending. Defence priorities have been considered as part of the Integrated Review, and allocations of the new funding will be announced in due course. These priorities will be fully reflected in the next Equipment Plan publication in Autumn 2021.

Seventy-Eighth Report of Session 2017-19

Cabinet Office and HM Treasury

Improving government planning and spending

Introduction from the Committee

Through spending reviews, HM Treasury (the Treasury) sets spending limits for departments over approximately three to five years, by reference to fiscal forecasts from the independent Office for Budget Responsibility (OBR). The last spending review, in 2015, allocated £4 trillion for total public spending for the five years to 2020–21 and the next review is due in 2019. The Treasury controls spending through its 20 spending teams, which make up around one fifth of the Treasury's total workforce. Departments, led by accounting officers, plan and deliver their objectives and are accountable for their delegated budgets. The Cabinet Office monitors the delivery of departments' objectives and government policy. It oversees departmental planning and since 2015 has required departments to prepare an annual internal business plan, known as a single departmental plan (SDP). SDPs set out how departments will carry out their objectives, deliver services and track performance. In 2016, the previous Committee recommended that the Treasury and Cabinet Office work together on an approach that would ensure value for money across government, in time for the next spending review.

Relevant reports

- NAO report: *Improving government's planning and spending framework* – Session 2017-19 (HC 1679)
- PAC report: *Improving government planning and spending* – Session 2017-19 (HC 1596)
- *Treasury Minutes May* – Session 2017-19 (CP 97)
- *Treasury Minutes Progress Report* – Session 2017-19 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313) five recommendations had been implemented, and one recommendation remained work in progress. This has now been implemented as set out below.

2: PAC conclusion: *The Treasury and Cabinet Office's overall approach to planning and spending can encourage short-term decisions rather than long-term sustainability, which risks value for money.*

2: PAC recommendation: *When issuing guidance for the next spending review and future SDPs the Treasury and the Cabinet Office should require departments to show how their plans and funding bids deliver long-term, sustainable value for money. They should report back to the Committee on this, demonstrating how they ensured SDPs were central to spending review decision-making for each department.*

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 In line with the *joint Treasury and Cabinet Office letter of 15 March* to the Committee, Spending Review 2020 (SR20) made progress towards embedding planning and performance more effectively in the process, despite largely being a one-year exercise. The SR commission included a greater focus on the intended outcomes of spending bids, as well as plans to monitor and evaluate progress towards them. As part of their SR20 bids, departments were required to propose priority outcomes and metrics for measuring progress in their delivery. The departments were also required to support these proposed outcomes with contributing spending proposals and evidence of what works. HM Treasury then assessed these alongside each department's full list of spending proposals to inform decisions as part of the SR20 process, which also included agreeing provisional priority outcomes with each UK government department, together with provisional metrics. In areas where closer working between departments would achieve better results, outcomes were agreed on a cross-cutting basis. The full list of provisional priority outcomes and metrics was *published in December 2020*.

Eighty-First Report of Session 2017–19

Department for Transport / HM Treasury

Rail management and timetabling

Introduction from the Committee

The Department for Transport (the Department) is responsible for setting the strategic direction for the rail industry in England and Wales, including improving access to the railway for people with disabilities. It funds Network Rail to maintain and enhance rail infrastructure (£47.9 billion between 2019 and 2024). The Department also funds and oversees significant rail improvement programmes led by organisations created to manage these programmes, including High Speed Two (High Speed Two Limited) and Crossrail (Crossrail Limited; a wholly owned subsidiary of Transport for London). The Department contracts private sector companies to run train services through a system of franchising and, along with the Office of Rail and Road, holds these companies to account for their performance. The Department currently oversees 14 franchises. If franchises fail or are terminated, the Department can bring these back under government control until a new franchise can be let. In May 2018, timetable changes were introduced affecting 46% of train times across the rail network. The Department's management of the rail industry led to unacceptable disruption lasting for many weeks across the south-east and north of England. The Department is also responsible for overseeing and funding investment in the strategic road network, primarily through its Road Investment Strategy which is expected to cost £12.8 billion between 2015 and 2020.

Relevant reports

- PAC report*: Rail management and timetabling* – Session 2017-19 (HC 1793)
- Department for Transport report: *The Inclusive Transport Strategy* – July 2018
- *Treasury Minutes*: May 2019 (CP 97)
- *Treasury Minute Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute (CP 313), one recommendation remained work in progress and is set out below.

1: PAC conclusion: The Department did not ensure, as it should have done, that those responsible for the railway are clear about their roles and that they work together effectively. This has contributed to major disruption and misery for passengers.

1: PAC recommendation: As part of its response to the ongoing rail review, the Department must set out once and for all a clear governance and accountability structure for the railway, including what the Department retains responsibility for and how it will gain assurance that the wider system is functioning as it intends.

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: Autumn 2019

1.2 The government acknowledges that there are some fundamental problems with the current sector model and commissioned Keith Williams to carry out a root and branch review of the railways (the Williams Rail Review) and make recommendations to ministers to address these problems. The Review was in the final stages of drafting at the outbreak of COVID-19. The government views the purpose of the reforms as important as ever and remains committed to delivering wholesale reform of the rail industry to put the priorities of passengers first and address fragmentation and accountability.

1.3 The government will publish a White Paper with details of its plans for rail reform in the near future.

Eighty-Second Report of Session 2017–19

The Home Office

Windrush generation and the Home Office

Introduction from the Committee

The Home Office (The Department) and its agencies (UK Visas and Immigration, Immigration Enforcement and Border Force) manage the UK immigration system: setting immigration policy; deciding who has the right to stay; and encouraging and enforcing the removal of illegal migrants. Between 1948 and 1973, nearly 600,000 Commonwealth citizens came to live and work in the UK with the right to remain indefinitely. But many were not given any documentation to confirm their immigration status, and the Home Office kept no records. In the last ten years, successive governments have introduced the "compliant environment" where the right to live, work and access services including benefits and bank accounts in the UK is only available to people who can demonstrate their eligibility to do so. Towards the end of 2017 the media began to report stories of members of the Windrush generation being denied access to public services, being detained in the UK or at the border, or being removed from, or refused re-entry to, the UK. This has been referred to as the Windrush scandal.

Relevant reports

- NAO report: *Handling of the Windrush situation,* Session 2017–19 (HC 1622)
- PAC report: *Windrush generation and the Home Office*, - Session 2017–19 (HC 518)
- *Treasury Minute* Session 2017-19 (CP113)
- *Treasury Minute Progress Report* **-** February 2020 (CP 221)
- *Treasury Minutes Progress Report:* November 2020 (CP 313)

Update to the Government response to the Committee

There were nine recommendations in the report. As of the last Treasury Minute (CP 313), one recommendation remained work in progress as set out below.

2: PAC conclusion: The Department is making life-changing decisions on people's rights, based on incorrect data from systems that are not fit for purpose.

2: PAC recommendation: ***In its design and roll-out of Atlas, the Department should prioritise improving the quality of its data. Alongside its Treasury Minute response, the Department should write to us setting out specific plans for data cleansing, migration of the existing case files and controls around the input of new data.***

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: December 2021
Original target implementation date: March 2020

2.2 The full roll-out of Atlas has been temporarily delayed as a result of COVID-19. The pandemic delayed the roll out in two ways. Firstly, Borders, Immigration and Citizenship System (BICS) caseworkers were unable to work from the office in the same numbers and had limited capacity to rollout new Atlas capabilities in line with the previous plan, as they were focused on their own business continuity measures. Secondly, case volumes were dramatically reduced, providing insufficient variety and volume to test the capabilities rolled out. As a result, whilst technical delivery continued, Atlas rollout was paused for a period, and is now scheduled for September/October 2021, with the planned decommissioning of the legacy Case Information Database (CID) casework system able to begin shortly thereafter. This would give an indicative completion date of this recommendation as December 2021, although the Home Office (the department) has already made significant progress to date in achieving that goal.

2.3 In terms of addressing data quality issues, the department is aiming to rollout modern data software in mid-2021, which should eliminate the need to manually detect and correct corrupt or inaccurate data from the legacy system (CID). This will enforce and maintain data conformity and quality.

2.4 This is in addition to the work already done by the team to detect and correct corrupt or inaccurate data from the legacy system (CID), on which the department has previously updated the Committee. Their work across BICS to clean up data sets has already resulted in the removal of incorrect duplicate records.

Eighty-Third Report of Session 2017-19

Department of Health and Social Care

Clinical Commissioning Groups

Introduction from the Committee

Clinical Commissioning Groups (CCGs) are responsible for planning and commissioning most of the hospital and community NHS services in their local areas. CCGs are led by a Governing Body made up of GPs, other clinicians and lay members. They replaced primary care trusts in April 2013. In 2018, there were 195 CCGs. In 2017–18, CCGs spent £81 billion primarily on purchasing health services for their local populations. Of this, approximately 1.4% (£1.1 billion) was spent on CCGs' running costs.

Since commissioning was introduced into the NHS in the early 1990s, there have been several changes to the structure of NHS commissioning organisations. Most recently, more emphasis has been placed on the wider geographical planning of health services with the introduction of Sustainability and Transformation Partnerships. The most advanced partnerships have become Integrated Care Systems. CCGs are engaging increasingly in joint working. There have been eight formal mergers of CCGs since 2013 and most now share an accountable officer. The NHS Long Term Plan set out that Integrated Care Systems will cover the whole of England by 2021 resulting in a significant reduction in the number of CCGs, with CCGs covering a larger population.

Relevant reports

- NAO report: *A review of the role and costs of clinical commissioning groups, Session 2017–19, HC 1783, 18 December 2018.*
- PAC report: Clinical Commissioning Groups – *Session 2017-19 (HC 1740) 8 March 2019*
- Government document: NHS Long Term Plan – January 2019
- Treasury Minutes: May 2019 (CP 97)
- Treasury Minutes Progress Report: February 2020 (CP 221)
- Treasury Minutes Progress Report: November 2020 (CP 313)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minute (CP 313), four recommendations have now been implemented and one remains work in progress as set out below.

5: PAC conclusion: *Delivery of the NHS Long Term Plan will be slowed without legislative changes.*

5: PAC recommendation: *The Department should ensure that required legislative changes are developed and brought forward in a timely way so that progress on the NHS Long Term Plan is not delayed.*

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: April 2022
Original target implementation date: Spring 2020

5.2 The government has been clear that its priority is to support the NHS in its delivery of operational priorities and the NHS Long Term Plan. In September 2019, the NHS set out its recommendations to government and Parliament for an NHS Bill following an open public engagement exercise. The government remains committed to bringing forward legislation when Parliamentary time allows.

5.3 In February 2021, the government *published a White paper* setting out its proposals for legislative change. The proposals accept and build upon the recommendations from the NHS and seek to capture the enhanced collaboration experienced across health and social care during the response to the COVID-19 pandemic. This also took into account the recommendations brought forward by NHS England in response to their consultation on Integrated Care Systems. The Department of Health and Social Care will continue to work with the system on proposals for legislative change.

Eighty-Fifth Report of Session 2017-19

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

Auditing Local Government

Introduction from the Committee

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. In 2017–18, 495 local authorities, local police and local fire bodies were responsible for approximately £54 billion of net revenue spending, and 442 local NHS bodies received funding from the Department of Health & Social Care of approximately £100 billion. These local bodies should account properly for their use of resources and manage themselves well. In 2017–18 local public bodies spent about £64 million on external audit, which provides independent assurance on how public money is used and accounted for.

Taxpayers expect that the auditor will be able to confirm that accounts have been properly prepared and that local bodies have arrangements to manage their business and finances. When they cannot, auditors can qualify their opinion on the accounts or their conclusion on the arrangements to secure value for money. Local auditors also have a range of additional reporting powers and duties to provide information or to prompt action in certain circumstances and are expected to use their public reporting powers to highlight failings. These are important tools for the auditor to bring attention to issues that need to be addressed as they require the body to consider and respond to the issue(s) in public.

Relevant reports

- NAO report: *Local auditor reporting in England 2018* – Session 2017-19 (HC 1864)
- PAC report: *Auditing local government* – Session 2017-19 (HC 1738)
- Treasury Minutes: *May 2019* (CP 97)
- Treasury Minutes*: February 2020* (CP 221)
- Sir Tony Redmond's independent review: *Local authority financial reporting and external audit*
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minute (CP 313) three remained work in progress, one of which is now implemented as set out below

1: PAC conclusion: ***Local auditors are identifying significant weaknesses in an increasing number of local bodies' arrangements to secure value for money, with limited consequences for the local bodies themselves. In 2017–18, more than 1 in 5 local public bodies did not have proper arrangements in place.***
The numbers are worst for local NHS bodies such as clinical commissioning groups and hospital trusts, where local auditors qualified 38% of their conclusions in respect of value for money arrangements.
While most of the audited bodies who responded to the NAO's information request claim to have plans in place to address the weaknesses highlighted, only 5% could say they had fully implemented their plans. Even where local auditors use their additional reporting powers to draw the public's attention to a particular issue, this still does not always lead to immediate action.
Central government departments also need to do more to hold local bodies to account for their performance and management arrangements; at present there is no direct consequence of receiving a qualified report from a local auditor.

1: PAC recommendation: ***Departments should set out, by the end of September 2019, clear expectations of how local bodies should respond to weaknesses reported by local auditors in 2018–19, including the potential consequences for local bodies who fail to improve.***

MHCLG response

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Ministry for Housing, Communities and Local Government (MHCLG) wrote to local authorities on 29 October 2019 setting out its expectations on how local bodies should respond to weaknesses identified by local auditors. In addition, MHCLG said it would consider what further action might be needed as a result of the findings of Sir Tony Redmond's Independent Review of Local Authority Financial Reporting and External Audit and the National Audit Office review of its Code of Audit Practice and associated guidance.

1.3 In a localised audit framework, qualified audit reports - and in particular the most serious failings which result in the production by the auditor of a Report in the Public Interest (PIRs) - are legally for the bodies concerned to respond to. NAO published revised Auditor guidance Note 3 in October 2020 and the Redmond Review reported on 8 September. Neither of these documents made recommendations around additional sanctions for councils failing to improve beyond recommending that auditors make greater use of their reporting powers. However, MHCLG's response to the Redmond review on 17 December made clear the importance that MHCLG places on a functioning local audit system. The PIRs issued for Croydon and Nottingham in 2020 are evidence of the auditor making use of their reporting powers and the Department has responded to these by commissioning rapid reviews in both bodies. Taken together these measures set clear expectations in response to this recommendation.

DHSC response to recommendation 1 was provided in February 2020 Progress report.

2: PAC conclusion: ***Departments are not doing enough to act on the performance information they gather and provide local bodies with an overview of issues that could help them strengthen their arrangements. Local bodies should take auditors' concerns seriously and address them promptly, but there appear to be few consequences for those who do not. Central government departments can and do gather information about the issues on which local auditors report. But when significant concerns are highlighted at individual bodies, central departments are not doing enough to make sure that local bodies take prompt corrective action, or to share learning that could help other bodies avoid the same problems.***

2: PAC recommendation: ***Departments should report by the end of September 2019 on how they have made use of the information gathered through their monitoring arrangements in 2018–19 to:***

- ***identify concerns and examples of good practice for wider sharing; and***
- ***challenge local bodies to demonstrate they are strengthening their arrangements.***

MHCLG response:

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: April 2020

2.2 As detailed in the previous response, MHCLG *wrote to the Committee in January 2020* detailing improvements to its risk and oversight arrangements, through the establishment of the Local Authority Governance and Accountability Framework Panel. In May and June 2020 the department also *published a guide* to the use of the intervention and inspection powers in the Local government Act 1999 as well as guidance about local authority culture and governance[1] including lessons that can be learned from recent statutory and non-statutory interventions.

2.3 MHCLG also indicated that it would consider what further action may be needed in relation to challenging authorities that receive non-standard audit reports, after reviewing the findings of Sir Tony Redmond's independent review, which was published on 8 September. The continuing delay in the completion of accounts makes this an ongoing process. However, in certain appropriate cases where auditors have issued PIRs recently, the department has taken action to ensure that the councils concerned are addressing the issues raised through the commissioning of rapid reviews. MHCLG is currently considering the full range of local audit system leader options in response to the recommendations in the Redmond Review, and one of the functions that a systems leader could undertake would be identifying concerns and areas of good practice. MHCLG is considering how this function could be delivered and will set out its thinking in Spring 2021.

DHSC response to recommendation 2 was provided in February 2020 progress report.

5: PAC recommendation: ***Departments should, in their next accounting officer systems statements, expand on:***

• the use of the assurance provided by local auditors; and

• how they will get assurance in areas not covered by local audit, such as how partnerships are held to account for joint decisions and responsibilities

5: PAC conclusion: ***The Committee is concerned that, as partnership working becomes more complex, accountability arrangements will be weakened, and the performance of individual local bodies will become less transparent. Local public bodies are increasingly working in partnership to provide public services and these arrangements are becoming more complex. These are often non-statutory arrangements and can involve NHS bodies (commissioners and providers), local authorities and other public or private organisations.***
Over the last three years, concerns over partnership working arrangements have increasingly been a reason for local auditors qualifying their value for money conclusions. But local auditors can only report on the arrangements in place within the individual bodies they audit, so only provide a partial view of how a partnership is performing. Central departments currently say little in their Accountability Systems Statements about how they use information reported by local auditors. It is crucial, that central departments explain in overall terms what assurance they take from local audit findings and ensure that partnership funding arrangements and lines of accountability are absolutely clear and transparent.

MHCLG response

5.1 The government agrees with this recommendation.

Recommendation implemented

5.2 In MHCLG's previous response to the Committee, it indicated that the System Statement would be published alongside the MHCLG Annual Report and Accounts 2019-20. However due to the COVID-19 pandemic the publication was expected in Autumn 2020.

5.3 This recommendation is implemented for MHCLG with the most recent Accountability Officer's System Statement *published in November 2020*, which includes text in Annex A at paragraphs 2.9-2.13 on how external audit - alongside other sources of information and data - is used to assure the department that public money is being used with efficiency, effectiveness and economy.

5.4 The continuing delays in audit completions in 2018-19 and 2019-20 are a cause for concern in that they make it more difficult to gain an overall picture of any developing trends, as well as issues arising in individual authorities, where the audit has not been signed off externally. This means that MHCLG and

[1] https://www.gov.uk/government/publications/addressing-cultural-and-governance-failings-in-local-authorities-lessons-from-recent-interventions

other departments are relying more heavily on other data to gain assurance. The Redmond Report made several recommendations as to how the audit delays issue might be addressed, including amending the audit publication deadline, making changes to the audit fees and variations process, and more work to improve training and simplify the Accounts. To that end MHCLG have amended the audit deadline for 2020-21 and 2021-22, have consulted on making changes to the audit fees and variations processes and will be providing £15 million to help support local public bodies in meeting new burdens and to bring local audit fees more in line with rises in commercial audits. The department is also working with stakeholders as to how best to improve the future local auditor supply and simplify the Accounts.

5.5 The most recent Accountability Officer's System Statement published in November 2020 also reflects the steps the department has taken to improve its oversight arrangements in Annex A, paragraph 4.9, including establishing the Local Authority Governance and Accountability Framework Panel in September 2019, supporting the Centre for Public Scrutiny and Localism research on how local authorities can diagnose and reduce the risk of failure in corporate governance, discussions with the sector to inform the government's response to the Committee on Standards in Public Life report on ethics in local government, commissioning the independent Redmond review, and publishing a review into the risks of fraud and corruption in local government procurement.

5.6 On the Committees' query regarding assurance in areas not covered by local audit such as partnership arrangements, the recent NHS White Paper, *The Future of Health and Care*, proposes a statutory basis for health and local government partnerships, establishing Integrated Care System Health and Care partnerships as statutory bodies to strengthen the decision making authority and embed accountability for system performance into the NHS accountability structure and to assist integration between the NHS and local authorities. Annex B of the latest Accounting Officer System Statement sets out how MHCLG is gaining assurance over other partnership arrangements such as Local Enterprise Partnerships. The recommendation refers to 'departments', it will be for other departments to update their System Statements.

DHSC Response

Revised target implementation date: Autumn 2020
Original target implementation date: September 2019

5.4 The National Audit Office Code of Practice, supplemented by the Auditor Guidance Notes, assists and informs local auditor approach to partnership working in non-statutory arrangements. The guidance offered to local auditors confirms that accountability cannot be transferred to third parties. Partnership working therefore falls within the scope of local audit.

5.5 The DHSC has considered how the Accounting Officer System Statement can be meaningfully expanded in this area and considers it could more clearly explain the existence and operation of such non-statutory partnerships in the Group and signpost the frameworks through which arrangements are held accountable by the system and local auditors. The revised Accounting Officer System Statement (AOSS) was due to be published in April 2020. The publication of the AOSS was delayed as a result of re-prioritisation of resources and staff to assist with the department's response to the COVID 19 pandemic. Work has now recommenced with a view to having this published in Autumn 2020. The updated AOSS is currently in draft and expands on both the use of the assurance provided by local auditors and how assurance is obtained in areas not covered by local audit.

Eighty-Ninth Report of Session 2017-19

Department for Business, Energy and Industrial Strategy

Public cost of decommissioning oil and gas infrastructure

Introduction from the Committee

The UK's offshore oil and gas reserves are running out. As a result, oil and gas companies are increasingly decommissioning assets that are no longer extracting resources profitably. Decommissioning means plugging and abandoning wells and removing structures, such as platforms, to return the seabed to its natural state as far as possible in accordance with international regulations. Oil and gas companies have spent more than £1 billion on decommissioning in each year since 2014. The OGA expects decommissioning to cost between £45 billion and £77 billion overall, with most expenditure in the next 20 years. HMRC estimates that taxpayers will contribute £24 billion to the cost of decommissioning through tax reliefs. Taxpayers are additionally liable for the cost of decommissioning assets that oil and gas companies cannot afford to decommission themselves. The Department has overall responsibility for the safe, cost-effective and environmentally sensitive decommissioning of offshore oil and gas infrastructure. In 2015, it established the OGA to work with oil and gas companies to reduce the overall cost of decommissioning. The Department also monitors the financial health of oil and gas companies and can require companies to set aside money to pay for future decommissioning if it thinks there is a risk of the bill falling to taxpayers.

Relevant reports

- NAO report: Oil and Gas in the UK - Offshore Decommissioning – Session 2017 – 19 (HC 1870)
- PAC report: Public Cost of decommissioning oil and gas infrastructure – Session 2017-19 (HC 1742)
- Department publication: Clean Growth Strategy – published in October 2017
- Department publication: UK Carbon Capture Usage and Storage deployment pathway: an action plan – published in November 2018
- Treasury Minutes – June 2019 (CP 113)
- Treasury Minutes Progress Report – February 2020 (CP 221)
- Treasury Minutes Progress Report: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute update (CP 313), four recommendations had been implemented. The remaining two recommendations have now been implemented as set out below.

3: PAC conclusion: *The Department does not yet have a clear plan to ensure the UK maximises the benefit of developing exportable decommissioning skills and resources.*

3: PAC recommendation: *The Department should set out by July its strategy for maximising the economic benefit of the development and export of decommissioning skills and resources.*

3.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 The Department for Business, Energy and Industrial Strategy (the department) published a response to the Strengthening the UK's offshore oil and gas decommissioning industry : call for evidence, following a consultation that ran from 13 March 2019 to 8 May 2019.

3.3 This follows a recommendation made by the Committee in its report: *Public Cost of decommissioning oil and gas infrastructure* published in March 2019

3.4 As the Committee recommended, the department's response considered the sum of the evidence provided and puts forward practical and feasible next steps that can support the development of the UK decommissioning sector and the government's ambition that the UK becomes a global centre of expertise for decommissioning.

5: PAC conclusion: ***Government support for oil and gas may become incompatible with its long-term climate change objectives.***

5: PAC recommendation: ***The Department should set out as part of its energy White Paper, expected during 2019, how it will continue to ensure that government support for oil and gas remains compatible with its wider energy objectives.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The *Energy White Paper* was published on 14 December 2020. It sets out the pathway for transforming the energy system and a clear vision for the transformation of an energy system from one which is 80 per cent based on fossil fuels to one which enables the net zero economy. The oil and gas chapter of the White Paper acknowledges the continued need for oil and gas in the energy mix for years to come whilst calling for further action to meet net zero targets and support the energy transition.

5.3 The *North Sea Transition Deal*, published on 24 March 2021 sets out plans for how the UK's offshore oil and gas sector and the government will work together to deliver the skills, technologies and new infrastructure required to meet our net zero commitments. It aims to support workers, businesses, and the supply chain through the energy transition by harnessing the industry's existing capabilities, infrastructure and private investment potential to exploit new and emerging technologies such as hydrogen production, carbon capture, usage and storage, offshore wind and decommissioning whilst ensuring energy security of supply. It includes commitments to early reductions in offshore production emissions, investment in new energy technologies and support for up to 40,000 direct and indirect supply chain jobs.

Ninety-First Report of Session 2017-19

Department of Health and Social Care and NHS England

NHS financial sustainability: progress review

Introduction from the Committee

The Department of Health & Social Care (the Department) has overall responsibility for healthcare services. It is accountable to Parliament for ensuring that its spending, as well as spending by NHS England, NHS Improvement, other arm's-length bodies and local NHS bodies, is contained within the overall budget authorised by Parliament. For the NHS to be sustainable, it needs to manage patient demand, the quality and safety of services, and remain within the resources given to it. Most of the funding allocated to the Department is given to NHS England to plan and pay for NHS services. In 2017–18, this amounted to £109.5 billion, with most of this spent by 207 clinical commissioning groups (CCGs) which purchased services from 232 NHS trusts and NHS foundation trusts (trusts).

In June 2018, the Prime Minister announced a long-term funding settlement for the NHS, which will see NHS England's budget rise by an extra £20.5 billion by 2023–24, this equates to an average annual real-terms increase of 3.4%. The Government asked NHS England to produce a 10-year plan that aims to ensure that this additional funding is well spent. The NHS Long Term Plan was published in January 2019 and is designed to show how the NHS aims to achieve several tests and priorities set by the government.

Relevant reports

- NAO report: *NHS financial sustainability* - Session 2017-19 (HC 1867)
- PAC report: *NHS financial sustainability: progress review* - Session 2017-19 (HC 1743)
- Government report: *NHS Long Term Plan*
- *Treasury Minutes*: June 2019 (CP113)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were eight recommendations in this report. As of the last Treasury Minute (CP 313), the government disagreed with one recommendation, five recommendations were implemented, and two recommendations remained work in progress, one of which is now implemented as set out below.

2: PAC conclusion: *The NHS will not be able to deliver on the Long Term Plan unless it addresses staffing shortages.*

2: PAC recommendation: *The Department should write to the Committee by July 2019, setting out how issues with the recruitment and retention of NHS staff will be addressed and reflected in the workforce strategy.*

2.1 The government agreed with the Committee's recommendation.

Recommendation implemented

2.2 An update on the *NHS People Plan*, including support for the NHS workforce, was set out in the *letter to the Committee* dated 29 January 2021. Future reporting of progress on the issues in this recommendation are now being done as part of Treasury Minute 08, *NHS Capital Expenditure and Financial Management* at recommendation 6.

6: PAC conclusion: ***The success of integrated care systems may be impeded because they are not statutory bodies, and so rely on the goodwill and effective relationships of the organisations involved.***

6: PAC recommendation: ***The Department, with NHS England and NHS Improvement, should write to us by July 2019 defining the governance arrangements for effective integrated care systems; detail how they will align individual NHS bodies' responsibilities to improve system management including assumptions regarding suggested legislative changes, and how they will support those areas where partnership working is less well developed.***

6.1 The government agreed with the Committee's recommendation.

Revised target implementation date: April 2022
Original target implementation date: Summer 2019

6.2 In February 2021, the government published a White Paper (*Integration and Innovation: working together to improve health and social care for all, CP 381*) setting out its proposals for legislative change. The proposals accept and build upon the recommendations from the NHS and seek to capture the enhanced collaboration experienced across health and social care during the response to COVID-19. The White Paper also took account of the recommendations brought forward by NHS England and NHS Improvement in response to their consultation on Integrated Care Systems. The department will continue to work with the system on proposals for legislative change.

Ninety-Fourth Report of Session 2017-19

Ministry of Justice

Transforming rehabilitation: progress review

Introduction from the Committee

Probation services are designed to protect the public and reduce reoffending by supervising offenders in the community, overseeing their rehabilitation and ensuring that they understand the impact of their crimes on victims. The Ministry of Justice (the Ministry), through HM Prison & Probation Service (HMPPS), is responsible for probation services in England and Wales. As at September 2018, 257,000 offenders were supervised by probation services. In 2013, the Ministry embarked on a major reform of probation services to deliver a 'rehabilitation revolution'. It created 21 privately owned Community Rehabilitation Companies (CRCs) to manage low- and medium-risk offenders and the public sector National Probation Service (NPS) to manage those posing higher risks. CRC owners took over in 2015, but as early as 2017 the Ministry had to amend its contracts with CRCs to increase their income and stabilise failing services. In July 2018 the Ministry announced it would terminate its contracts with CRCs 14 months early, in December 2020.

In February 2019, Working Links, the owner of three CRCs, went into administration followed by Interserve, the owner of five CRCs, which went into administration in March 2019. The Ministry has consulted on its future model for probation, but it has not yet made decisions about what will replace the current failing system. This project has been beset by major difficulties from its outset and whilst we appreciate the Ministry's acknowledgement that it was wrong to set its original timescale, it remains to be seen how it will manage to minimise additional costs while at the same time delivering a radically redesigned reform programme.

We are also very concerned about the impact of the failures of the Through the Gate (TTG) services on both offenders and victims. TTG services were intended to provide support and minimise the risk of reoffending by helping offenders to find employment and stable accommodation as well as helping with financial and emotional support. However, TTG services have consistently failed to deliver or meet required quality standards. Offenders have been let down by a lack of understanding in how to offer tailored support, poor staff training, a focus on meeting targets rather than specific needs and an unacceptable failure in providing stable and suitable accommodation.

Relevant reports

- NAO report: *Transforming rehabilitation: progress review* – Session 2017-19 (HC 1986)
- PAC report: *Transforming rehabilitation: progress review* – Session 2017-19 (HC 1747)
- *Treasury Minutes*: July 2019 (CP151)
- *Treasury Minutes Progress Report*: February 2020 (CP221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), five recommendations were implemented, and one recommendation remained work in progress. This has now been implemented as set out below.

3: PAC conclusion: ***The Ministry will not make sustained progress with reducing reoffending until it can provide the support offenders desperately need on leaving prison, including securing stable accommodation.***

3: PAC recommendation***: The Ministry, working with the Reducing Reoffending Board should report back to this Committee, by the end of June 2019, setting out a cross-government strategy to reduce reoffending, and how it will measure whether this is working.***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The government's priorities on reducing reoffending were set out in the Sentencing White Paper in September last year. These highlighted accommodation, employment and substance misuse as the foundations for successful rehabilitation and resettlement and so form the basis of the government's strategy. The Minister for Prisons and Probation *wrote to the Committee* on 29 January 2021 with further details on the new investment to reduce crime and improve public safety by tackling these key drivers of reoffending. This funding shows the delivery of the strategy in action and comprises:

- £80 million for DHSC to increase the number of treatment places for prison leavers and offenders diverted into community sentences in England.
- £50 million of MoJ investment to enhance the department's Approved Premises, provide temporary accommodation to prison leavers at risk of homelessness, and enhance the department's rehabilitative approach in at least 16 prisons.
- £20 million for the Prison Leavers Project that will test new and innovative ways to reduce reoffending by addressing the challenges people face when they are leaving prison.

3.3 This is in addition to the government's manifesto commitments around increasing the number of prison work coaches and development of the Prison Education Service focused on employment and skills. In addition, the Ministry of Justice (the department) has recently published a refreshed strategy on Integrated Offender Management, are increasing courts take up of community sentences with requirements to attend drug and alcohol treatment, have set up new Homelessness Prevention Teams to improve accommodation outcomes for prison leavers, building on their success during the COVID-19 pandemic, and using GPS technology for the first time to crack down on acquisitive criminals.

3.4 This strategy is reinforced by the Prime Minister's Crime and Justice Task Force which was established to consider matters relating to the prevention of crime and the effectiveness of the criminal justice system, including driving progress across government on reducing reoffending. This committee includes a wide range of departments and is chaired by the Prime Minister.

3.5 The department is developing its evaluation approach and will monitor progress using the provisional priority outcomes and metrics set out at Spending Review 2020. These include the percentage of prisoners in work six months after their release; the percentage of prisoners in settled accommodation three months after release; and the percentage of adults with a substance misuse treatment need who successfully engage in community-based structured treatment within three weeks of release from prison.

Ninety-Fifth Report of Session 2017–19

Cabinet Office and Department for Work and Pensions

Accessing public services through the Government's Verify digital system

Introduction from the Committee

The Government Digital Service (GDS), part of the Cabinet Office, created Verify as a cross-government approach to identity assurance. It was intended to be the default way for people to prove their identities, so they could securely access online government services, such as claiming tax back and receiving benefit payments. Verify went live in May 2016, although earlier work to develop an identity assurance strategy and framework started in 2011. The programme contracts out verification services to five 'identity providers', all private sector companies, who receive payments based on the number of people they sign up as Verify users. GDS spent £154 million on Verify and its predecessor programme from April 2011 to September 2018. In October 2018, the Cabinet Office announced that government funding would stop in March 2020. After this time, GDS intends that the private sector will take over responsibility for Verify, including for investment to ensure its future delivery.

Relevant reports

- NAO Report: *Investigation into Verify* – Session 2017-19 (HC 1926)
- PAC Report: *Accessing public services through the Government's Verify digital system* – Session 2017-19 (HC 1748)
- *Treasury Minutes*: October 2019 (CP 176)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute (CP 313), one recommendation remained in progress which is now implemented as set out below:

5: PAC conclusion: ***The Cabinet Office and GDS have no meaningful plan for what will happen to Verify post 2020.***

5: PAC recommendation: ***Alongside its Treasury Minute response, the Cabinet Office and GDS should write to the Committee by the summer recess setting out the detailed plan for how Verify's services will be maintained after 2020, including how government services using Verify will be protected from unaffordable cost increases.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The government laid a *Written Ministerial Statement* on Tuesday 27 April to inform the House of its latest plans both for *GOV.UK Verify* and the future digital identity programme.

5.3 The Cabinet Office Permanent Secretary, Alex Chisholm, also wrote to the Chair of the Committee on 27 April. This letter summarised Government Digital Service's plans, working closely with other departments, to ensure continuity of service for Verify and its users while - as announced in the 2020 Spending Review - a new cross-government single sign-on and identity assurance system is being developed and piloted in 2021-22.

Ninety-Sixth Report of Session 2017-19

Department of Health and Social Care

Adult Health Screening

Introduction from the Committee

Health screening is an important way of identifying potentially life-threatening illnesses at an early stage. Health screening programmes in England currently cover a range of conditions including different types of cancer, foetal and new-born screening, diabetes and abdominal aortic aneurism. This report focuses on four of the 11 screening programmes operating in England: screening for bowel, breast and cervical cancers and abdominal aortic aneurism. In 2017–18, almost 8 million people were screened for these conditions at a cost of £423 million. The Department is ultimately responsible for the delivery of health screening in England. It has delegated responsibility for health screening to NHS England, via an annual public health functions agreement. NHS England commissions and manages local screening providers; it also manages some of the IT that supports delivery of the programmes. Public Health England supports the Department and NHS England with expert advice, analysing and producing data; managing some of the IT that supports delivery of the programmes; and undertaking quality assurance work on the screening programmes to make sure that certain standards are met.

In May 2018 the then Secretary of State for Health and Social Care announced there had been a failure in the system that invites women for screening, affecting some 450,000 women. This number turned out to be closer to 122,000 but nonetheless raised concerns about health screening programmes. In October 2018, NHS England became aware of a similar issue on the cervical screening programme, with 43,220 women not receiving letters inviting them for a cervical cancer screening and a further 4,508 not being sent their results letters.

Relevant reports

- NAO report: *Investigation into the management of health screening*, Session 2017–19, (HC 1871),
- PAC report: *Adult health screening* – Session 2017-19 (HC 1746)
- *Independent Breast Screening review* – (HC 1799) December 2018
- *Independent Review of National Cancer Screening Programmes in England* Interim report by Professor Sir Mike Richards
- *Treasury Minutes:* July 2019 (CP 151)
- *Treasury Minutes Progress Report*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minute (CP 313), four recommendations had been implemented and one recommendation remained work in progress as set out below.

5: PAC conclusion: ***We are extremely doubtful that NHS England will be able to successfully bring the failing IT system that supports the cervical programme back in-house, remove the backlog of samples that are waiting to be tested, and roll-out a new testing regime in just 6 months' time.***

5: PAC recommendation: ***NHS England should set out a clear plan for how it intends to deliver this inherently risky project on time without making the service provided to women undergoing screening even worse.***

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: December 2020

5.2 Human papillomavirus (HPV) primary screening was fully implemented within the NHS Cervical Screening Programme in England on 2 December 2019.

5.3 The backlog of samples that accumulated during the implementation of HPV Primary Screening has been cleared, national 14-day turnaround time performance improved considerably during 2020-21 when compared to what it was in 2019-20.

5.4 The NHS Cervical Screening Administrative Service has migrated onto the North of England Commissioning Support Unit's IT and robotics platform.

5.5 Work continues at pace to develop a new cervical screening call/recall IT system. The existing system is currently dependent on the National Health Application and Infrastructure Services platform, which is being decommissioned. NHSX has commissioned NHS Digital to design and implement the new system and governance arrangements have been established within NHS England and NHS Improvement (NHSE&I) to oversee the switchover.

5.6 The Digital Transformation of Screening Programme Board is responsible for reviewing progress made on the development of the new call/recall IT system and on a revised implementation plan. The implementation plan was detailed in *a letter sent from NHSE&I to the Committee* in March 2021. In order to confirm an implementation date, additional work is now being undertaken to further risk assess some of the key milestones in the plan, with a view to ensuring progress.

Ninety-Seventh Report of Session 2017-19

Ministry of Housing, Communities and Local Government

Local Government Governance and Accountability

Introduction from the Committee

Local politicians and council officers operate within a governance framework of checks and balances to ensure that local authorities' decision-making is lawful, informed by objective advice, transparent and consultative. Some parts of local governance are locally defined, but core components of the statutory framework of legal duties and financial controls are overseen by the Ministry of Housing, Communities & Local Government (the Department). The Department is responsible for: ensuring that this framework contains the right checks and balances and changing the system if necessary. The Secretary of State also has powers to intervene in cases of perceived governance failure. The framework includes: officers with statutory powers and responsibilities; internal checks and balances such as audit committees and internal audit; and external checks and balances such as external audit and sector-led improvement overseen by the Local Government Association.

These arrangements represent a significant reduction in the level of central oversight in recent years following the government's decision to abolish the Audit Commission and the Standards Board for England as part of a broader reform of local audit, inspection and reporting. The new, more localised framework has had to function effectively at a time when the process of governance itself is more challenging and complex because of new arrangements such as shared services, outsourcing and commercial activities. Reduced resources mean that delivery of change programmes and dealing with financial pressures can be crucial to the financial viability of an authority. This makes the implications of governance failure more significant.

Relevant reports

- NAO report: *Local Authority Governance* – Session 2017-19 (HC 1865)
- PAC report: *Local Government Governance and Accountability:* – Session 2017-19 (HC 2077)
- *Treasury Minutes*: July 2019 (CP 151)
- *Treasury Minutes Progress Report* February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were eight recommendations in this report. As of the last Treasury Minute (CP 313), five recommendations were implemented, and three recommendations remained work in progress. One of these recommendations has now been implemented and two remain work in progress, as set out below.

2: PAC conclusion: ***The Department does not know why some local authorities are raising concerns that external audit is not meeting their needs.***

2a: PAC recommendation: ***The Department's proposed review of the work of independent auditors should be conducted independently and should ensure that concerns from some local authorities over current fee levels and the contribution of external audit are examined fully and rigorously. The review should make an assessment of whether external audit is providing an effective service and meeting the needs of local authorities.***

2b: PAC Recommendation: ***If the review identifies an 'expectation gap' as a factor underlying local authorities' concerns with external audit, then the Department should identify how these unmet expectations can be met.***

2.1 The government agrees with the Committee's recommendations.

Revised target implementation date: Autumn 2021
Original target implementation date: April 2020

2.2 In its previous response to the Committee, the Ministry for Housing, Communities and Local Government (MHCLG or the department) confirmed that the scope of the independent Redmond Review of local authority financial reporting and external audit would include an assessment as to the effectiveness and value of external audit as well as considering any perceived 'expectation gap'. The Review recommendations (September 2020) and revised National Audit Office (NAO) guidance accompanying the new Code of Audit Practice (April 2020) provide the department with a considered view as to whether more might be needed in this area.

2.3 Sir Tony Redmond's report, delayed by the COVID-19 pandemic, was published on 8 September 2020 and explored how any gap in expectations might be met, including through potentially expanding the scope of audit, or further enhancements to the code of audit practice, although the report acknowledged that the new Value for Money (VfM) reporting requirements in the code would be helpful in this respect. The report also recognised that additional costs involved in further expansion of the scope of audit would need to be balanced against the value of the additional reporting. MHCLG will therefore assess the impact of the new Code of Audit Practice VfM reporting requirements before considering this further.

4: PAC conclusion: ***The Department's monitoring is not focused on long-term risks to council finances and therefore to services.***

4: PAC recommendation: ***The Department should assess and monitor the scale of long-term risk that authorities might have exposed themselves to through their commercial investments and ventures.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Following the National Audit Office's report on local government commercial investment, and the subsequent Committee hearing and report, government undertook to review its data on local authority capital activity to ensure that it had sufficient and appropriate data to monitor sector risk, and building on its findings from the Post Implementation Review of Changes to the Local Authority Capital Finance Framework.

4.3 In accordance with the Committee's recommendation to provide further details on the review, the department wrote to the Committee in October 2020 setting out its project for improving data on council capital activity, including commercial activity, and how this supports the wider programme of work to strengthen the capital framework. The data review is now in progress and a sector-wide survey designed to collect new information has now been completed. Returns were received at end March and early April 2021, and analysis of the new data is underway. In designing the survey, the department engaged with HM Treasury, Chartered Institute of Public Finance and Accountancy, NAO and the Local Government Association, as well as sector representatives.

4.4 Alongside the data review, the department is progressing a project to build a more comprehensive understanding of local government capital activity and improve future data collection. The project will define and set up a series of metrics, using both quantitative and qualitative data, to identify risks further in advance will enable earlier direct intercession with authorities. This work aligns with the development of a range of interventions as part of the department's wider strategy, which will set out options for intercession where authorities are demonstrating excessive risk or non-compliance with the Framework.

4.5 Further details of the department's capital strategy are set out in its response to the Committees recommendation on local government commercial investments in Treasury Minutes, September 2020 (CP 291) and the relevant update.

5: PAC conclusion: ***There is a complete lack of transparency over both the Department's informal interventions in local authorities with financial or governance problems and the results of its formal interventions.***

5a: PAC recommendation: ***The Department should set out how it will improve transparency over its engagement on governance issues with individual local authorities, including a review of the information the LGA is required to publish under its sector-led improvement work funded by the Department.***

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: Spring 2020

5.2 MHCLG is responsible for the oversight of local government and performs this function by collecting a wide range of publicly available information, and combines it with more informal intelligence, for example on leadership capacity and corporate governance. The department's informal intelligence is gained from both direct engagement with councils as well as collaboration with others who have similar relationships, including other government departments and sector bodies, such as the Local Government Association. Much of this information sharing is sensitive and it would be unhelpful and not in the public interest to publish details of these conversations. However, the government is mindful of the need to improve transparency and Ministers have been clear of their intention for the LGA's Corporate Peer Challenge (CPC) programme to be given renewed rigour. The department is in the process of finalising an agreement with the LGA which would see the timely publication of CPC reports and actions plans published following completion of reviews and confirm that follow-up activities are monitored and reported on publicly. The LGA's published Annual Report sets out all their sector improvement activity. The 2021-22 Annual Report will therefore be an opportunity for the LGA to update on the progress of the CPC programme and its new publication targets.

Ninety-Eighth Report of Session 2017-19

Department for Education

The Apprenticeships Programme: progress review

Introduction from the Committee

Apprenticeships are jobs that combine work with training and can play a vital role in helping people to develop the skills that the economy and society needs. The content of each apprenticeship is set out in either a ‘framework’ or a ‘standard’. Frameworks are being phased out in favour of standards, which are designed by groups of employers from the relevant sector, and set out the knowledge, skills and behaviours that apprentices will need to acquire. By December 2018 around 360 of a potential 600 standards had been approved.

The Department is accountable for the apprenticeships programme in England. The Education and Skills Funding Agency (the ESFA) is responsible for apprenticeships policy and funding, and for overseeing delivery of the programme. The Institute for Apprenticeships & Technical Education, which was set up in April 2017, is responsible for ensuring the quality, consistency and credibility of apprenticeships, including helping employers to develop apprenticeship standards and approving the standards.

In 2017–18, the Department spent £1.6 billion on the apprenticeships programme, out of a budget of £2.0 billion. Since April 2017, employers with an annual pay bill of more than £3 million have been required to pay an apprenticeship levy of 0.5% of their pay bill. The total value of levy contributions for England in 2017-18 was just under £2 billion.

Relevant reports

- NAO report: *The apprenticeships programme* – Session 2017-19 (HC 1987)
- PAC report: *The apprenticeships programme: progress review* Session 2017-19 (HC 1749)
- *Treasury Minute*: July 2019 (CP 151)
- *Treasury Minutes Progress Reports*: February 2020 (CP 221)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were eight recommendations in this report. As of the last Treasury Minute (CP 313), five of these have been implemented and three remained work in progress, of which one has now been implemented, as set out below.

1: PAC conclusion: *The Department has not set out what productivity gains it is expecting from the programme.*

1: PAC recommendation: *The Department should publish the level of improvement in the skills index that it is aiming to achieve in the short and long term.*

1.1 The government agrees with the Committee’s recommendation.

Target implementation date: December 2021

1.2 The Department for Education (the department) measures the contribution of the apprenticeship programme to productivity through the ‘Skills Index’ and other secondary measures including the earnings outcomes for apprentices and employer perspectives. In future years, the department will use the Index to determine trends in the value ascribed to apprenticeships compared to equivalent levels of learning across further education and in demonstrating the impact of government wide-reaching technical education reforms. The department will expand its reporting accordingly in the annual benefits progress reports. The department has begun the process of setting out its new business case and reviewing the programme benefits realisation plan and will be proposing that Ministers set an ambition for Skills Index improvements.

3: PAC conclusion: ***The Department's approach to widening participation among under-represented groups has been inadequate.***

3a: PAC recommendation: ***The Department should set more stretching diversity targets, covering BAME (black, Asian and minority ethnic) apprentices and those with a learning difficulty, disability or health problem, for 2020/21 and beyond.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2021

3.2 Following Spending Review 2020, the department has begun the process of setting out its new business case and reviewing the benefits realisation strategy. This will reset the programme's ambitions and measures, including increasing diversity in apprenticeships and furthering the opportunities for social mobility that apprenticeships can provide. In setting new measures, the department will look to build on what has been achieved and where there may be opportunities to make further progress. As well as measuring the success of the programme by the number of starts made, apprentices must receive high quality training, achieve their apprenticeships and progress.

4: PAC conclusion: ***The programme is not supporting smaller employers well enough.***

4 PAC recommendation: ***The Department should set out how it will ensure that smaller employers can benefit fully from the programme, including considering whether to protect funding for non-levy-paying employers and assessing the feasibility of deploying expired levy funds to support skills development in particular parts of the country.***

4.1 The government agrees with the Committee's recommendation.*,*

Recommendation Implemented

4.2 In January 2020, the department gave smaller employers that do not pay the levy, access to all aspects of the apprentice service. This means they can now select an apprenticeship standard, choose their training provider, and reserve funding for apprenticeships through the service. In response to the COVID-19 pandemic, the department extended the transition period, during which non-levy employers had the choice of accessing funding for new apprentices through either the service or through a training provider with a government-procured contract. The transition successfully completed at the end of March 2021 with all new apprenticeship starts, regardless of employer size, now routed through the service.

4.3 The department continues to support all employers, regardless of size, to access high-quality apprenticeships that are relevant and responsive to their skills needs and economic priorities. To support this objective, the department agreed a set of interventions towards optimising the overall system for smaller employers as part of the 2021-22 spending review. These interventions include Improving the ability to transfer funds from levy to non-levy employers and aggregating employer demand so that gaps in provision are shared with providers, thereby helping them to match them to opportunities to deliver standards that employers need. This work builds from the transition plans which supported sector readiness through communications and engagement, delivered a transformed employer support service, and trialled spend and compliance controls whilst enabling access to additional COVID-19 response support incentives.

4.4 The budget the department receives pays for the entirety of the apprenticeships programme. When levy funds expire it does not increase the department's budget or reduce its financial commitment for apprenticeships. It is therefore not feasible to deploy employers' expired levy funds as set out in the recommendation.

Ninety-Ninth Report of Session 2017–19

Cabinet Office

Cyber Security in the UK

Introduction from the Committee

UK citizens and businesses increasingly operate online to deliver economic, social and other benefits, and the Government aspires to be a world leader in digital economy and putting its services online. This makes the UK and its citizens more vulnerable to various risks when operating on the internet, collectively known as cyber-attacks. These attacks continue to increase and evolve. The Government's view is that these risks can never be eliminated but can be managed to the extent that the opportunities provided by digital technology, such as reducing costs and improving services, outweigh the disadvantages.

Since 2010, the Government has taken a central lead in ensuring that the UK effectively manages its exposure to cyber risks. The Cabinet Office has led this work, through successive National Cyber Security Strategies. The current National Cyber Security Strategy runs from 2016 to 2021. It has a £1.9 billion budget. One part of delivering the Strategy is the National Cyber Security Programme, which has a budget of £1.3 billion. The Strategy has 12 strategic outcomes. The Programme's objectives mirror these strategic outcomes. The Department currently assesses that one strategic outcome is on track to complete by March 2021. None of the remaining 11 strategic outcomes are currently due to be achieved by 2021, and the Department has 'low confidence' in the quality of the evidence that underpins the assessment of progress against many of these.

Relevant reports

- NAO Report: *Progress of the 2016-2021 National Cyber Security Programme* – Session 2017-19 (HC 1988)
- PAC Report: *Cyber Security in the UK* – Session 2017-19 (HC 1745)
- *Treasury Minute: CP 176* - Session 2017-19
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minute (CP 313) two recommendations remained work in progress, one of which is now implemented as set out below.

1: PAC conclusion: ***The UK is particularly vulnerable to the risk of cyber-attacks.***

1: PAC recommendation: ***The Department should ensure another long-term coordinated approach to cyber security is put in place well in advance of the current Strategy finishing in March 2021.***

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Second half of 2021
Original target implementation date: March 2021

1.2 The Deputy National Security Advisor *wrote to the Committee* with a response to this recommendation in November 2019.

1.3 The Cabinet Office (the department) continues to lead planning for a long-term, coordinated and whole of government approach for cyber security post-March 2021. The Integrated Review (IR) has set out high-level goals for the UK, and in order to fully reflect the ambitions of the IR and align the strategy with multi-year funding decisions taken in the next Spending Review, the department plans to publish a new cyber strategy in the second half of 2021.

4: PAC conclusion: ***The Department has not been clear what the Strategy will actually deliver by 2021.***

4: PAC recommendation: When the Department publishes its costed plan in Autumn 2019 for its future approach to cyber security it should also set out what the existing Strategy and Programme should deliver by March 2021, and the risks around those areas where it will not meet its strategic outcomes and objectives.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The Deputy National Security Advisor *wrote to the Committee* with a response to this recommendation in November 2019.

4.3 Further information on the progress of the existing strategy and programme was published in the Treasury Minute progress report in Autumn 2020. A final, whole programme summary report is planned for Summer 2021, which will review progress made, including where further work is required. These assessments are also being used to inform work on future strategy. For national security reasons, full details of the risks and gaps in the government's progress are not made available publicly.

One-Hundredth Report of Session 2017-19

Department of Health and Social Care and NHS England

NHS waiting times for elective and cancer treatment

Introduction from the Committee

In England, patients have the right to receive consultant-led elective (or non-urgent) treatment within 18 weeks of their referral (usually by a GP). For patients urgently referred for suspected cancer, they have the right to a first outpatient appointment within two weeks. To ensure patients' rights, the Department of Health and Social Care (the Department) has set performance standards for the percentage of patients to be treated within the maximum time a patient should wait for treatment. For example, 92% of patients should wait no more than 18 weeks for their elective treatment from the date of their referral (if treatment is needed), and 93% of patients should be seen by a cancer specialist within two weeks of being urgently referred by a GP for suspected cancer. The NHS has also pledged that 85% of patients who are subsequently diagnosed with cancer should be treated within 62 days of the date of their original referral, normally by their GP.

The Department holds NHS England to account for national performance against these standards. In turn, NHS England holds clinical commissioning groups (CCGs) to account for meeting the standards for their local populations. CCGs are responsible for enforcing waiting times standards through contracts with service providers, mostly NHS trusts and foundation trusts. NHS Improvement regulates and supports trusts to achieve waiting times standards.

Relevant reports

- NAO report: *NHS waiting times for elective and cancer treatment* - Session 2017-19 (HC 1989)
- PAC report: *NHS waiting times for elective and cancer treatment* - Session 2017-19 (HC 1750)
- Treasury Minute: *October 2019 (CP 176)*
- *Treasury Minutes Progress Report:* November 2020 (CP 313)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute (CP 313), six recommendations remained work in progress, as set out below.

1: PAC conclusion: *The NHS is failing to meet key waiting times standards for cancer and elective care, and its performance continues to decline.*

1: PAC recommendation*: NHS England should set out, by December 2019, how, and by when, it will ensure that waiting times standards for elective and cancer care will be delivered again.*

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: April 2020

1.2 The target implementation date of Spring 2021 is under review given ongoing COVID-19 restoration work and is also dependent on Spending Review outcomes.

1.3 The approach to restoring comprehensive services following the first wave of COVID-19 was set out on 31 July 2020. NHS organisations are making substantial progress in restoring activity levels, including for elective and cancer services, following the impact of COVID-19. The volume of planned surgery has now more than doubled since the peak of COVID-19 inpatient demand. During March to July

2020, cancer treatments were successfully sustained at 85% of usual levels, given that for some patients their clinicians decided that least risk option would be to pause their treatments for a short period. Cancer treatment volumes have increased even further since then and are now at near normal levels.

1.4 Trusts, working with GP practices, have been asked, between them, to ensure that patients whose planned care has been disrupted by COVID receive clear communication about how they will be looked after, and who to contact in the event that their clinical circumstances change. Clinically urgent patients should continue to be treated first, with next priority given to the longest waiting patients, specifically those breaching or at risk of breaching 52 weeks.

1.5 To further support the recovery and restoration of elective services, the NHS has signed a national contract to give access for NHS patients to most independent hospital capacity until March 2021.

2: PAC conclusion: ***The Department of Health & Social Care has allowed NHS England to be selective about which standards it focuses on, reducing accountability.***

2: PAC recommendation: ***The Department of Health & Social Care and NHS England should clarify to the Committee by December 2019:***

- ***how NHS England will be held accountable for achieving waiting times standards now and in the future; and***
- ***what additional support NHS England and NHS Improvement will put in place to help local NHS bodies to meet waiting times standards.***

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: Autumn 2019

2.2 The 2020-21 mandate to NHS England and NHS Improvement reflects the unprecedented challenge facing the NHS as a result of COVID-19. It includes five high level objectives, including an objective on implementing the NHS Long Term Plan which itself encompasses commitments on waiting time standards.

2.3 The mandate makes clear that expectations on the amount of progress to be made on the wider objectives in 2020-21 will have to take account of the need to focus on managing COVID-19.

2.4 The NHS Operational and Planning Guidance for 2020-21 is being reviewed in light of the COVID-19 pandemic. Around £90 million of service development funding has been earmarked for Cancer Alliances in 2020-21 to support the delivery of improved operational performance and the Long-Term Plan commitments required by the Planning Guidance.

2.5 In supporting cancer services following the COVID-19 pandemic, the NHS is also:

- running public information campaigns ("Help Us Help You") encouraging people with worrying symptoms to contact their GP.
- working with clinicians and Cancer Alliances to design and publish clear guidance on adapting referral pathways during the pandemic.
- continuing to support the development and expansion of cancer 'hubs' to maintain essential and urgent cancer treatment and diagnostics, including use of the independent sector.
- accelerating the implementation of innovative approaches that will help recovery, such as the expansion of stereotactic ablative radiotherapy, and use of faecal immunochemical testing to support clinical triage.
- providing clear and up-to-date management data on referrals, treatment and backlog levels through Cancer Alliances, including additional analysis on inequalities.
- leading sector-wide engagement on recovery for cancer services, including with 40+ cancer charities, patients, clinicians, Cancer Alliances and regional teams, and establishing a new cancer recovery taskforce to support recovery.

2.6 In expanding elective activity post-COVID, next steps for the remainder of 2020-21 include:

- supplementing physical outpatient appointments with phone and virtual appointment where a clinically appropriate and accessible alternative exists; and
- giving patients more control over their care by adopting a patient-initiated follow-up approach across major outpatient specialties, and collaboration between primary and secondary care to treat patients without the need for an onward referral.

3: PAC conclusion: ***We are concerned that NHS England's review of waiting times will not be enough to ensure a clear understanding of, and strong accountability over, the performance of the NHS.***

3: PAC Recommendation: ***The Department of Health & Social Care should ensure that any changes to current waiting times standards:***

- ***help to improve patient outcomes and patient experiences;***
- ***do not water down current standards to make them easier to meet; and***
- ***are communicated clearly to the public, so that patients understand what they can expect of the NHS.***

3.1 The government agrees with the Committee's recommendation.

Revised Target implementation date: Spring 2021
Original target implementation date: April 2020

3.2 The review of standards for cancer and elective care is clinically led to unsure that any changes promote safety and outcomes; drive improvements in patients experience; are clinically meaningful, accurate and practically achievable; ensure the sickest and most urgent patients are given priority; ensure patients get the right service in the right place; are simple and easy to understand for patients and the public; and not worsen inequalities.

3.3 The COVID-19 pandemic adds to the impetus for improved standards, and the timeline for each of the workstreams is being developed to support the ongoing recovery and restoration work.

3.4 Clinical recommendations will be made to government for consideration, and changes to the standards will only be made based on clinical evidence and after public consultation. Any changes to the standards will only be with the agreement of government for final approval. Clinical evidence and patient safety remain at the forefront of any decision to change the standards

5: PAC conclusion: ***Bottlenecks in hospital capacity are having a detrimental impact on how long patients wait for treatment.***

5: PAC recommendation: ***NHS England and NHS Improvement should evaluate and report back to the Committee on how the NHS plans to ensure that it has the required diagnostic and bed capacity to meet patient demand in the medium to long term. They should also set out, in the short term, how they will support local bodies to improve their patient flow through the health system and reduce unwarranted variation.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

5.2 NHS England and NHS Improvement recognise the urgent need to rapidly restore services back towards pre-COVID-19 levels and limit the backlog to ensure patients receive the care and treatment they need. A drop in the waiting list by over half a million people was recorded between February and April, and a significant increase is anticipated over the second half of the year. It is of course too early to state when waiting times will return to pre-pandemic levels, as the pace at which the NHS can recover will be dependent on a number of factors that remain uncertain including the future of the pandemic's second wave.

5.3 As highlighted, the *NHS Help Us Help You campaign* has led to a steady improvement in patients accessing services and we have accelerated work to achieve restoration of key elective and diagnostic services. NHS England and NHS Improvement are working with Royal Colleges, local systems and front-line teams to innovate and expand services. This is targeted at, but not limited to, five immediate priority areas: endoscopy, imaging, outpatients, theatre productivity and cancer services.

5.4 On 31 July 2020, NHS England and NHS Improvement wrote to the system with a number of actions for the next phase of the response to COVID-19, including (but not limited to) the following:

- ensuring that sufficient diagnostic capacity is in place in COVID-secure environments, including through the use of independent sector facilities, and the development of Diagnostic Hubs
- increasing endoscopy capacity, including through the release of endoscopy staff from other duties, separating upper and lower GI (non-aerosol-generating) investigations, and using CT colonography to substitute where appropriate for colonoscopy.
- expanding the capacity of surgical hubs to meet demand and ensuring other treatment modalities are also delivered in COVID19-secure environments.
- putting in place specific actions to support any groups of patients who might have unequal access to diagnostics and/or treatment, and
- resuming screening programmes.

6: PAC conclusion: ***The NHS still does not understand sufficiently what is driving demand for referrals for elective treatment.***

6: PAC recommendation: ***As we recommended in March 2019, NHS England and NHS Improvement should, by September 2019, write to us to set out how they will help local bodies to better understand the demand for care, and to plan their services accordingly to better meet the needs of their local patients.***

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: September 2019

6.2 As noted in the NHS' previous letter to the Committee in September 2019, the NHS Operational Planning and Contracting Guidance 2019/20 and the associated operational planning process is the key mechanism through which NHS England mandates NHS organisations to develop operational plans to deliver our key priorities, including for waiting times. It also produces and provides a number of enabling tools to support local organisations through the annual planning process and plan demand accordingly. The planning process and timetable for the remainder of the 2020-21 financial year is currently being developed and will include a requirement for specific plans on bed and diagnostic capacity

6.3 By the end of September 2020, activity levels had as intended reached 80% of 2019-20 levels for overnight elective procedures and higher still for imaging diagnostics. Elective waiting lists and performance are being managed at a system level as well as at trust level to ensure fair access and effective use of facilities. Patients should continue to be treated in order of clinical priority, with the next priority given to the longest waiting patients. To support further the recovery and restoration of elective services, a modified national contract will be in place giving access to most independent hospital capacity until March 2021.

6.4 It is likely the future nature of demand for elective services will be affected by the current pandemic and therefore will differ from the trends seen in pre-COVID-19 times (e.g. the increased backlog, chronic conditions and other social/economic effects). We will therefore be assessing our current analytical approach, given the changing demand drivers and heightened uncertainty.

7: PAC conclusion: ***NHS England has not yet identified how it will manage the variety of factors that could affect the success of its plans to better manage elective care***

7: PAC Recommendation: ***The Department, NHS Improvement and NHS England should, by December 2019, clarify to us:***

- ***How they are going to develop a fit-for-purpose workforce to ensure that the ambition to reduce face-to-face appointment by one-third is going to be achieved.***
- ***How they are going to ensure access to care is maintained if the number of outpatient appointments is not reduced as planned.***

7.1 The Government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: December 2019

7.2 In responding to COVID-19, the NHS has supported local health systems to deliver a step change in access to telephone and video outpatient consultations. With funding available this has seen almost every NHS secondary care provider able to offer video appointments, and the protection of patient access to care via virtual means during a period of social distancing. The broader benefits of this approach, as well as any challenges to overcome, continue to be monitored and acted upon as the NHS seeks to embed and sustain the option of virtual appointments into the future. *Guidance on virtual consultations for clinicians has been issued*.

7.3 Alongside the publication of *We are the NHS: People Plan for 2020/21 - action for us all*, the department has asked all systems to develop a local People Plan to ensure workforce plans put looking after people at the heart of activities over the remainder of 2020-21.

One Hundred and Second Report of Session 2017-19

Ministry of Defence

Military Homes

Introduction from the Committee

In 1996, the Ministry of Defence (the Department) sold 55,000 service family homes, on a 999-year lease, to Annington Property Limited (Annington) and agreed to rent them back for up to 200 years. Rent review negotiations, with new rents due to take effect from 2021 onwards, may result in a significant increase in rental costs on this estate as, to date, the Department has benefitted from a 58% downwards adjustment of rent. In September 2017, the Department announced that by June 2019 it would terminate five years early its contract with Capita to manage the estate on its behalf, due to poor performance. Contractors providing maintenance for service family homes under the existing contract have failed to meet key performance targets over an extended period, leading to high levels of complaints. In 2018, survey results showed that only 51% of service personnel were satisfied with their accommodation. The new Future Accommodation Model (FAM) is designed to give service personnel more choice of accommodation. Pilots have been delayed and are now only due to start in 2019 and full roll-out will begin, at the earliest, in 2022. The number of empty properties held by the Department was over 10,000 in 2018, roughly the same as 21 years before. We have reported four times in recent years on service family accommodation and will continue to keep a close eye on developments.

Relevant reports

- NAO report: *The Ministry of Defence's arrangement with Annington Property Limited* Session 2017–19 (HC 762)
- NAO memorandum: *Service Family Accommodation update* January 2017
- PAC report: *Ministry of Defence's contract with Annington Property Limited,* Session 2017–19, (HC 974)
- *Treasury Minutes* (CP 176) October 2019
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), one recommendation remained in progress as set out as below.

1: PAC conclusion*: Difficult negotiations with Annington about future rent levels on the estate lie ahead later in 2019 and will have a critical impact on the Department's whole accommodation strategy.*

1: PAC recommendation*: We expect the Department to negotiate hard on behalf of the taxpayer who was badly let down by the terms of the original deal. It should provide us with regular updates on progress with the site review process, as well as agreement on other elements of the negotiations, initially in September 2019.*

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: September 2019

1.2 The parties (the Ministry of Defence (the department) and Annington Homes Ltd). have been unable to agree the new rent and associated abatement and have proceeded to a process of binding arbitration, with an arbitral panel chaired by Lord Neuberger and supported by two chartered surveyors. The first hearing to determine the site rent for four of the twenty-seven representative sites and the new discount rate to be applied to all the sites in the corresponding four baskets concluded on 14 July 2020 and the outcome was received in September 2020.

1.3 A further hearing for a second batch of eight sites began on 8 February 2021 and results are expected in late Spring 2021. Depending on the outcome of this second batch, a further round of arbitration may be required in Summer 2021. Results of the arbitration will be communicated when the process has concluded, at present this is commercially sensitive information.

One Hundred and Fifth Report of Session 2017-19

Ministry of Housing, Communities and Local Government

Local Enterprise Partnerships: progress review

Introduction from the Committee

Local Enterprise Partnerships (LEPs) are private sector-led partnerships between businesses and local public sector bodies. There are 38 LEPs in England, each supporting the delivery of government policies to support local economic growth. The government has committed £12 billion in local growth funding to local areas in England between 2015–16 and 2020–21, and of this £9.1 billion has been allocated through Growth Deals negotiated between central government and individual LEPs. The Department is accountable overall for the Local Growth Fund and the delivery systems within which LEPs operate and invest public funds. The Department considers LEPs are key to developing local industrial strategies which will be used as a gateway for accessing future funding after the UK exits the European Union, through the proposed UK Shared Prosperity Fund.

Relevant reports

- NAO report: *Investigation into the governance of Greater Cambridge Greater Peterborough Local Enterprise Partnership* – Session 2017-2019 (HC410)
- PAC report: *Local Enterprise Partnerships: progress review* – Session 2017-2019 (HC1754)
- Treasury Minute *October 2019* (CP 176)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP313), two recommendations were implemented, and four recommendations remained work in progress. Three of these recommendations have now been implemented and one remains work in progress, as set out below.

2: PAC conclusion: *The Department has improved the assurance framework for LEPs but there is a long way to go before all LEPs are held to account and their work scrutinised effectively.*

2: PAC recommendation: *The Department should set out how it is going to assess local capacity to scrutinise LEPs' activities and how it will facilitate LEPs' accountability to their local areas.*

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 In the *National Local Growth Assurance Framework* published in January 2019, the government set out a requirement for LEPs to adopt local scrutiny arrangements to ensure that decisions have the necessary independent and external scrutiny in place. *Strengthened Local Enterprise Partnerships*, (July 2018) the government also set out a new requirement for LEPs to hold annual general meetings open to the public to ensure the communities that they represent can understand and influence the economic plans for the area. These steps, alongside additional public documentation such as Delivery Plans and End of Year Reports, are increasing LEP accountability to their local areas.

2.3 In Strengthened Local Enterprise Partnerships, the government stated it would commission independent research to better understand the capability and capacity of LEPs. The research started in February 2019 and will provide further insights into the extent to which LEPs are engaging with local authority scrutiny. The department will also engage with the local government sector to explore in more detail their experience of LEP scrutiny and will then determine whether further actions are required.

2.4 The independent research, entitled [Local Enterprise Partnerships Capacity and Capabilities Assessment], is now complete. The department is taking both this research and feedback from the local government sector as to LEP scrutiny into consideration in developing the Devolution and Local Recovery White Paper, which will be published in due course.

3: PAC conclusion: ***There are entrenched difficulties with LEPs' overlapping geographical boundaries which are supposed to be resolved by April 2020.***

3: PAC Recommendation: ***The Department should set out a clear timetable showing how it will meet the April 2020 deadline and what action it will take if local authorities fail to agree on overlapping boundaries.***

3.1 The Government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2021
Original target implementation date: October 2019

3.2 In Strengthened Local Enterprise Partnerships, the government announced that each LEP must remove its overlaps by April 2020 and submit a proposal to government on its geography by the end of September 2018. The Ministry of Housing, Communities and Local Government (the department) stated in this announcement that it was for LEPs, working closely with local stakeholders, to reconfigure their geographies in order to meet the future roles and responsibilities.

3.3 Following proposals from each LEP on 28 September 2018, 24 of 38 LEPs had no overlapping geographies. Following a series of meetings and agreements facilitated by the department, and a resolution of the overlap between Humber and Greater Lincolnshire, there are now 35 of 38 LEPs without overlaps. This means that the West Midlands is the only one area of the country where overlapping geographies remain (Stoke-on-Trent and Staffordshire, Worcestershire, Greater Birmingham and Solihull LEPs).

3.4 The department will continue to facilitate local agreement to a solution through collaboration agreements which set out how areas will work together once the overlap is removed. The department withheld additional capacity funding from LEPs which still had overlaps.

3.5 The remaining overlaps are being considered as part of the Local Recovery and Devolution White Paper which will be published in due course.

5: PAC conclusion: ***LEPs continue to underspend their funding allocation each year, calling into question their capacity to deliver complex projects.***

5: PAC recommendation: ***The Department should write to us within three months to set out the results of its analysis of LEP capacity and how it will use this information to improve LEPs' delivery of complex projects.***

5.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

5.2 The department [wrote to the Committee], on 14 June 2020, setting out the results of the analysis of LEP capacity and how this information would be used.

5.3 In Strengthened Local Enterprise Partnerships, government stated it would commission an independent research benchmarking of the capability and capacity of LEPs against best practice, so that performance requirements match resources available. This research started in February 2019. The department is now in receipt of the research, entitled [Local Enterprise Partnerships Capacity and Capabilities Assessment]. The findings of the research do not give rise to any significant concerns about the capacity and capability of LEPs to deliver on what is currently expected of them.

5.4 The department is considering the findings of the research as it develops the Local Recovery and Devolution White Paper, which be published in due course.

6: PAC conclusion: ***There is a risk that funding allocated on the basis of local industrial strategies may not go to areas with the greatest need.***

6: PAC recommendation: ***The Department should support LEPs to develop robust local industrial strategies based on the economic need of their areas and clearly set out how they will ensure a balance between supporting both high performing areas and areas which are lagging behind.***

6.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

6.2 The government has supported the development of industrial strategies by LEPs with seven formally agreed for the following areas: West Midlands, Greater Manchester, the Oxford-Cambridge Arc consisting of Buckinghamshire, Cambridgeshire and Peterborough, Oxfordshire and South East Midlandsand the West of England.

6.3 The government's focus remains on the immediate public health response to coronavirus and continuing to support the economy. Places have been developing their own thinking on local economic recovery. We are working with LEPs, Mayoral Combined Authorities and other local partners to ensure places build on priorities identified through the LIS and address new issues which have arisen as a result of the crisis, which LISs were not designed to consider. This intelligence, combined with ongoing analysis of the impacts of the health crisis, should guide strategic recovery thinking.

6.4 The department will continue to work on the levelling up agenda, building on the strengths of places. We encourage places to consider key sectors, assets and clusters they want to support to foster their long-term growth ambitions, building on the strong evidence base and the work done to date by places across the country on the design of Local Industrial Strategies.

One Hundred and Eighth Report of Session 2017-19

The Home Office

Emergency Services Network: Further Progress Review

Introduction from the Committee

In 2015, the Home Office (the Department) set out to replace the Airwave radio system, which is currently used by all 107 emergency service organisations in England, Scotland and Wales to communicate in the field. The replacement system, the Emergency Services Network (ESN), is intended to be as least as good as Airwave, add 4G mobile data capabilities and be far cheaper. The Department is responsible for the delivery of the ESN programme, which is also co-funded by the Department of Health & Social Care, the Scottish and Welsh Governments, and the organisations that will use it. In 2015, the Department awarded contracts for the main parts of ESN to EE and Motorola and appointed KBR to be the Department's delivery partner. ESN was due to be completed by December 2019 at which point Airwave, owned by Motorola since 2016, would be turned off.

In September 2018, the Department announced that it would reset ESN and would launch it in several stages. This involved changes throughout the programme, including a renegotiation of contracts with EE and Motorola and delaying the point at which ESN is expected to replace Airwave to December 2022. The cost of building and running ESN until 2037 is now expected to be £9.3 billion, an increase of £3.1 billion since the 2015 business case.

Relevant reports

- NAO report: *Progress delivering the Emergency Services Network,* Session 2017–19, (HC 2140)
- PAC report: *Emergency Services Network, Further Progress Review,* Session 2017-19 (HC 1755)
- *Treasury Minutes Report:* October 2019 (CP 176)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), two recommendations remained work in progress as set out below.

3: PAC conclusion: ***The Department's mismanagement of the programme means the emergency services do not yet have confidence that ESN will provide a service that will meet their needs.***

3: PAC recommendation: ***The Department should, without delay, agree with users a set of specific and detailed criteria that will be used to determine when ESN is ready to replace Airwave, and who will ultimately decide when those criteria are met.***

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: May 2021
Original target implementation date: October 2019

3.2 The Emergency Services Mobile Communication Programme (ESMCP) is working closely with the user community to understand how to most effectively deploy the Emergency Service Network (ESN). There will be a period of testing and assurance where a series of tests and trials will demonstrate that ESN is safe and meets user requirements, followed by the period of Transition onto ESN and off Airwave. Deployment plans are being put in place.

3.3 Confidence in the solution is growing within the emergency services as they use early versions of

ESN in an operational environment. The decision to replace Airwave with ESN will be taken by the department and users collectively. Users will not be asked to use ESN rather than Airwave until they are satisfied that it is safe to do so.

3.4 Acceptance criteria and who are the responsible parties remains under discussion but as part of the Cabinet Office Infrastructure Projects Authority Major Programme Review Group (MPRG) process this is required to be delivered by end of May 2021.

6: PAC conclusion: ***Delays to the Department's revised business case for ESN and the prospect of further increases in cost raises doubts over the value for money case for ESN.***

6: PAC recommendation: ***The Department should ensure it delivers a revised and approved business case, which both the emergency services and the other funders of ESN support, by the end of 2019 at the latest. The business case should include an appraisal of when continuing to spend money on ESN ceases to be value for money and should set out a 'plan B' for what would happen if that point was reached.***

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: July 2021
Original target implementation date: March 2020

6.2 The department produced an ESN Business Case in 2019 which was put through governance alongside the decision to extend the Change Authorisation Notes (CANs) with Motorola and EE but it was not based on sufficiently detailed and assured technical delivery or deployment plans to achieve widespread sign off. This version of the business case did however ensure that there was an updated financial profile and delivery window against which the programme is now delivering.

6.3 In August 2020, a business case was produced and provided to stakeholders but was withdrawn in October 2020 as it did not receive the support of the user community.

6.4 The department has now re-baselined the ESN plan that sets out the activities to revise and take forward the ESN Full Business Case (FBC) in conjunction with senior users.

6.5 Whilst developing the refreshed FBC the programme continued to engage with senior user and funding sponsor body representatives, providing the draft Strategic, Economic, Commercial, Finance and Management Cases and the detail of non-core costs which will fall to various bodies over the coming years this includes value for money. A separate work-strand is also defining options for 'Plan B' timed for delivery this spring. The revised FBC has been drafted and issued at the end of April 2021 to go through various governance channels for approval through to July 2021.

One Hundred and Tenth Report of Session 2017-19

Ministry of Housing, Communities and Local Government and Cabinet Office

Sale of public land

Introduction from the Committee

The UK Government is a major land holder. In 2016–17, the total value of central Government-owned land and property was estimated at £179 billion. The Government manages these assets through the Government Estate Strategy. It has been reducing the size of its estate for several years owing to a policy to sell assets where it considers they no longer serve a public purpose. The Government has two main disposal targets: a *proceeds* target whereby the government plans to "*deliver £5 billion of receipts between 2015 and 2020 through the release of surplus public sector land and property across the UK*"; and a *land for new homes* target known as the Public Land for Housing Programme, whereby the Government aims to "*increase housing supply by releasing surplus public sector land for at least 160,000 homes*" in England between 2015 and 2020. This programme follows an earlier target to release enough land for 100,000 new homes between 2011 and 2015.

The Cabinet Office is responsible for the Government's estate strategy and for the proceeds target, while the Ministry of Housing, Communities and Local Government (MHCLG) is responsible for leading the new homes target. Individual Departments are responsible for pursuing their own targets that contribute to the overall totals, while also ensuring that individual sales represent value for money. The Treasury is responsible for setting Departmental budgets which are net of the proceeds expected from land disposals.

This is the third time the Committee has reported on the Department's Public Land for Housing Programme. In 2015, the Committee concluded that MHCLG could not demonstrate the success of the 2011–2015 programme in addressing the housing shortage or achieving value for money. In 2016, the Committee recognised that improvements had been implemented in the 2015–2020 programme, but warned that the Government would fail to deliver land for 160,000 homes by 2020 unless it significantly accelerated the rate at which land for new homes is made available.

Relevant reports

- NAO report: *Investigation into the government's land disposal strategy and programmes* Session 2017-19 (HC2138)
- PAC report: *Sale of Public Land* Session 2017-19 (HC2040)
- Treasury Minutes: *Government response to the Committee of Public Accounts on the Ninety-Fifth and on the Ninety-Ninth to the One Hundred and Eleventh reports from Session 2017-19*
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were nine recommendations in this report. As of the last Treasury Minute (CP 313), two were disagreed with, three had been implemented and four remained work in progress. Three of these are implemented and one remains a work in progress as set out below.

2: PAC conclusion: *Government's lack of evidence underpinning the two disposal targets means that the programmes were set up to fail.*

2: PAC recommendation: *For future housing programmes, the government should set targets that are challenging but fully supported by a clearly explained rationale and robust evidence on what is achievable.*

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 As announced by the Prime Minister on 30 June 2020, a review of public sector land will inform a new, ambitious cross-government strategy, that will look at how public sector land can be managed and released so it can be put to better use. This will include home building, improving the environment, contributing to net zero goals and injecting growth opportunities into communities across the country.

2.3 Work is ongoing to update the Government Estate Strategy which will include a sub-strategy for Land Use and it is anticipated that the strategy will be published in the latter part of 2021. That strategy will inform the design of any future land release programme, including how challenging, practical targets can be set and measured.

4: PAC conclusion: ***The Committee is concerned by the Ministry of Housing, Communities and Local Government's failure to translate surplus land into new homes and are struggling to see how this could improve in the coming years.***

4: PAC recommendation: ***The Ministry for Housing, Communities and Local Government should write to the Committee by October 2019 outlining the actions it will take, and the tools it will use, to accelerate the number of homes built on the land released. The Committee also expects the correspondence to include more detail on the barriers to releasing land and how it proposes to overcome these barriers.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The 2015-2020 Public Land for Housing Programme has now concluded. Land released through that programme is now either in the housing market or in development, and beyond the control of the department.

4.3 As before, as announced by the Prime Minister on 30 June 2020, a review of public sector land will inform a new, ambitious cross-government strategy, that will look at how public sector land can be managed and released so it can be put to better use. This will include home building, improving the environment, contributing to net zero goals and injecting growth opportunities into communities across the country. That review is expected to conclude in the latter part of 2021. That review will inform the design of any future land release programme, including measures that could be taken to accelerate the delivery of housing as part of that programme.

5: PAC conclusion: ***It is unacceptable that the Ministry of Housing, Communities and Local Government pays so little attention to how the release of public land could be used to deliver affordable homes including social homes for rent.***

5: PAC recommendation: ***The Ministry for Housing, Communities and Local Government should write to the Committee by October 2019 explaining how it pursues its affordable homes policy. The Committee expects this to include how the land disposal target fits into the overarching strategy for affordable homes and how the Department will interact with local government to deliver this important objective.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Ministry for Housing, Communities and Local Government (the department) wrote to the Committee on 16 April 2021 to set out how it pursues its affordable housing policy.

5.3 As announced by the Prime Minister on 30 June 2020, work will begin on a new, ambitious cross-Government strategy to look at how public sector land can be managed and released so it can be put to better use. This will include home building, improving the environment, contributing to net-zero goals, and injecting growth opportunities into communities across the country. Planning reform will make land available for building more quickly but making the best use of surplus public sector land plays a critical contribution towards this vision.

5.4 This review will inform the approach to affordable homes on public sector land.

7: PAC conclusion: ***Gaps at all levels in the Government's data on what it is achieving against the disposals targets means there is an unacceptable lack of transparency in how it is performing.***

7a: PAC recommendation: ***The Ministry for Housing, Communities and Local Government should better define and justify what it means by terms such as 'homes' and 'new affordable homes'.***

The Ministry for Housing, Communities and Local Government should fulfil its duty by reporting regularly to Parliament on performance, including an annual progress update and regular data releases throughout the year—quarterly or half-yearly. These updates should include the number and type of housing delivered against each definition—such as affordable homes—and the proceeds from land sales.

7.1 The Government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: September 2020

7.2 The department published an update to the *Public Land for Housing Technical Handbook,* which included clarifying the terms 'homes and 'new affordable homes' in February 2020.

7.3 Management information on programme performance was also published as a data release in February 2020. This covered progress made by departments on disposing land for housing up to end June 2019 and data on progress on delivering homes sold for housing through both the 2011-15 and 2015-20 Public Land for Housing programmes to end March 2019. Data on the number of affordable homes planned by type was also included in the publication. Subsequent data releases were delayed by the need to reprioritise work to respond to COVID-19.

7.4 The department will publish by Summer 2021 a final report on the 2015-2020 Public Land for Housing Programme, which will include a breakdown of data for the 2015-2020 programme and data on the number of homes delivered up to the end of March 2020.

One Hundred and Eleventh Report of Session 2017-19

HM Treasury

Funding for Scotland, Wales and Northern Ireland

Introduction from the Committee

HM Treasury is responsible for operating the funding framework for the devolved administrations of Scotland, Wales and Northern Ireland, and for calculating the funding attributable to each nation. Initial funding allocations are based on the funding the devolved administrations received in the previous year, plus a population-based share of funding for changes in planned UK government spending. HM Treasury uses the Barnett Formula to calculate these changes. As part of this, it compares the functions and services provided by UK government departments with those provided by the devolved administrations, assigning comparability factors to each UK government department and its spending programmes depending on the extent that their services are devolved.

When there are changes in the UK government's plans which increase spending in England for services and activities devolved to Scotland, Wales and Northern Ireland, additional funding is allocated to the devolved administrations. Ministers also allocate funding directly to Scotland, Wales and Northern Ireland, such as the funding provided for City Deals. But these direct allocations of funding, which are made outside of the Barnett formula, do not trigger changes in funding for England or other nations.

Spending per head on public services varies significantly across England, Scotland, Wales and Northern Ireland. In 2017–18, spending per head in Northern Ireland was highest at £11,190 per head, followed by Scotland at £10,881 per head and Wales at £10,397 per head. England is lowest at £9,080 per head.

Relevant reports

- NAO report: *Investigation into devolved funding* Session 2017-19 (HC 1990)
- PAC report: *Funding for Scotland, Wales and Norther Ireland* – Session 2017-19 (HC 1751)
- HM Treasury: *Statement of Funding Policy (2015 and seventh edition)*: funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly
- *Treasury Minutes* - October 2019 (CP 176)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute (CP 313) one recommendation was implemented and six recommendation remained work in progress, all of which have now been implemented as set out below.

1: PAC conclusion: *Arrangements for funding the devolved administrations are increasingly complex and there is a lack of transparency about how funding decisions are made.*

1a: PAC recommendation*: At future Spending Reviews, HM Treasury should publish more detailed and transparent information about its funding decisions and the elements that make-up the funding allocated to the devolved administrations.*

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 In the revised Statement of Funding Policy published alongside the Spending Review 2020, HM Treasury included a new chapter that sets out the key areas where the UK government has provided the devolved administrations with funding outside of the Barnett formula. This information can be found in Chapter 5 of the revised *Statement of Funding Policy* "Other funding from the UK Government".

1b: PAC recommendation*: At future Spending Reviews, HM Treasury should publish evidence of its assessment that the current block grant continues to be the optimum way of allocating funding to meet the needs of the UK as a whole.*

1.3 The government agrees with the Committee's recommendation.

Recommendation implemented

1.4 In Chapter 2 of the revised Statement of Funding Policy, paragraphs 2.6 to 2.9 provide an assessment of the rationale for how funding is distributed across the UK, including how the arrangements have evolved to ensure they meet the needs of all citizens of the UK.

2: PAC conclusion: *Ministers' ability to allocate funding outside of the Barnett formula without consequential payments to other nations makes it impossible to determine whether funding decisions are based on need.*

2: PAC recommendation: *At future Spending Reviews, HM Treasury should publish information to explain how it has ensured that funding decisions are prioritised according to the needs of citizens across the UK.*

2.1 The government agrees with this recommendation.

Recommendation implemented

2.2 In Chapter 2 of the revised Statement of Funding Policy, paragraphs 2.6 to 2.9 provide an assessment of the rationale for how funding is distributed across the UK, including how the arrangements have evolved to ensure they meet the needs of all citizens of the UK.

3: PAC conclusion: *HM Treasury does not know whether the block grant funding it allocates to the nations adequately reflects the needs of citizens across the UK.*

3: PAC recommendation: *Ahead of the upcoming Spending Review, HM Treasury should write to the Committee with details of its analysis of the impact of rolling forward a large part of block grant (historic) funding and the impact that slower relative population growth could have on funding per head across the UK.*

3.1 The government agrees with this recommendation.

Recommendation implemented

3.2 HM Treasury *wrote to the Committee on 24 November* 2020 with an accompanying technical note that addresses this recommendation.

4: PAC conclusion: *HM Treasury's decisions about how to finance the UK government's spending plans affect the funding allocated to the devolved administrations and their ability to plan and manage their finances.*

4b: PAC recommendation*: HM Treasury should engage with the devolved administrations sooner on the comparability factors included in its Statement of Funding Policy to ensure that they have the opportunity to review the status of devolved and reserved functions before policy is finalised.*

4.1 The government agrees with this recommendation.

Recommendation implemented

4.2 HM Treasury started sharing the Barnett comparability factors with the devolved administrations in

September 2020 and shared all comparability factors with the devolved administrations in good time ahead of Spending Review 2020. This process provided the opportunity for the devolved administrations to ask questions about the comparability factors to ensure the devolved administrations and UK Government reached a shared understanding, including any changes since Spending Review 2015. The devolved administrations also received a full draft of the Statement of Funding Policy so that they could provide comments, alongside multiple working group meetings on specific aspects of the Statement.

5: PAC conclusion: ***We are concerned by the uncertainty for devolved administrations caused by the UK government's postponement of the Spending Review and the absence of a decision on how it will replace existing EU funding.***

5: PAC recommendation***: On conclusion of discussions and negotiations about allocating replacement EU funding, HM Treasury should write to the Committee with details of its proposals.***

5.1 The government agrees with this recommendation.

Recommendation implemented

5.2 HM Treasury *wrote to the Committee on 17 February 2021*, setting out the arrangements for replacement EU funding at Spending Review 2020.

One Hundred and Fourteenth Report of Session 2017-19

Ministry of Housing, Communities and Local Government and Homes England

Help to Buy: Equity Loan scheme

Introduction from the Committee

The Ministry of Housing, Communities and Local Government (the Department) introduced the Help to Buy: Equity Loan scheme in April 2013 to address a fall in property sales following the financial crash of 2008 and the consequent tightening of regulations over the availability of high loan-to-value and high loan-to-income mortgages. Originally intended to last three years, in 2015 the Department announced the extension of the scheme to 2021. The scheme has two principal aims: to help prospective homeowners obtain mortgages and buy new-build properties; and, through the increased demand for new-build properties, to increase the rate of house building in England.

Homes England administers the scheme on behalf of the Department. Home buyers receive an equity loan of up to 20% (40% in London since February 2016) of the market value of an eligible new-build property, interest free for five years. The loan must be paid back in full on sale of the property, within 25 years, or in line with the buyer's main mortgage if this is extended beyond 25 years. The scheme enables buyers to purchase a new-build property with a mortgage of 75% (55% in London) of the value of the property. The current scheme, which will run to March 2021, is not means-tested and is open to both first-time buyers and those who have owned a property previously. Buyers can purchase properties valued up to £600,000. A new scheme, to follow on immediately from the current scheme for two years to March 2023, will be restricted to first-time buyers and will introduce lower regional caps on the maximum property value, while remaining at £600,000 in London.

Relevant reports

- NAO report: *Help to Buy: Equity loan scheme – progress review*. Session 2017-19 (HC 2216)
- PAC report: *Help to Buy: Equity loan scheme* Session 2017-19 (HC 2046)
- Government independent review: *Evaluation of the Help to Buy Equity Loan Scheme 2017* published in October 2018
- *Treasury Minute* January 2020 (CP 210)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were ten recommendations in this report. As of the last Treasury Minute (CP 313), the government disagreed with two recommendations, four recommendations were implemented, and four recommendations remained work in progress. Two of these recommendations have now been implemented as set out below.

2: PAC conclusion: ***While Help to Buy has helped many people to buy properties who otherwise would not have been able to, a large proportion of those who took part did not need its help.***

2: PAC recommendation: ***The Department should report to the Committee in spring 2020 on the impact it expects changes to the scheme to have from 2021 and how it will ensure that regional price caps work effectively across regions.***

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 The Ministry for Housing, Communities and Local Government (the department) has completed this recommendation, with the letter of 15 November 2020 from the Permanent Secretary to the Committee. The letter explained in detail the methodology and reasoning behind the introduction of regional price caps.

3. PAC conclusion: ***The Department has allowed the scheme to become a semi-permanent feature of the housing market and has not yet thought through the changes needed to improve the value to be achieved from the new scheme.***

3a: PAC recommendation: ***The Department should undertake a further evaluation of the scheme to understand its value and necessity from 2017.***

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: December 2023
Original target implementation date: Autumn 2021

3.2 The original recommendation from the Committee was that the department should undertake a further evaluation of the scheme, to understand its value and necessity from 2017 and to inform the design and operation of the new scheme.

3.3 The department remains committed to undertake a further evaluation but as the previous evaluation was used to inform the design of the recently launched new scheme, the next meaningful evaluation opportunity is the end of the new scheme (March 2023). This would mean that work on the evaluation would commence from Autumn 2022 (rather than Autumn 2021) with a target publication date of December 2023 - this approach ensures the department achieves the best value for money (VfM) from the next evaluation.

3.4 In the interim, officials will review the end of the 2013-21 scheme and the early performance of the new scheme – this work will inform future home ownership policy development. The department would expect this analysis, which will be made available to the Committee, to be complete by early 2022.

3c: PAC recommendation: ***The Department should report back to the Committee in spring 2020 on how it is working with developers to plan the new scheme from 2021, so that it addresses concerns about developers' behaviour and achieves at least as much value.***

3.5 The government agrees with the Committee's recommendation.

Recommendation Implemented

3.6 The department has completed this recommendation, with the letter of 12 October 2020 to the Committee from the CEO of Homes England, which outlined a range of requirements being made of developers relating to, for example: energy efficiency, leasehold and ground rent, building safety, allowing buyers to view homes before purchase and the New Homes Ombudsman.

5. PAC conclusion: ***The Department's decision to keep equity loans as unregulated products means there is insufficient protection for buyers.***

5b: PAC recommendation: ***As part of its next evaluation, the Department should examine the new-build premium, and the impact Help to Buy has had in relation to this.***

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: December 2023
Original target implementation date: Autumn 2021

5.2 The department remains committed to undertake a further evaluation (see response to Recommendation 3a above. This work will examine new-build premium and the impact of Help to Buy.

One-Hundred and Fifteenth Report of Session 2017-19

Department of Health and Social Care

Penalty Charge Notices

Introduction from the Committee

Each year, around 1.1 billion prescription items are dispensed, and 39 million dental treatments undertaken. Some people are exempt from paying if they have a valid reason (for example they are under 16 or they receive certain benefits). In 2017–18 around 89% of prescription items dispensed and around 47% of dental treatments were claimed as exempt from charges. Those who claim a free prescription or dental treatment without a valid reason, whether fraudulently or in error, could be issued with a Penalty Charge Notice (PCN). A PCN has two components—the original cost of the prescription or dental treatment and a penalty charge of up to £100. The NHS estimates that it lost around £212 million in 2017–18 from people incorrectly claiming exemption from prescription and dental charges. The Department of Health & Social Care (the Department) is the policy owner for this area. NHS England is the service owner, and commissions the NHS Business Services Authority (NHSBSA) to administer the loss recovery service for prescriptions and dental treatments. NHSBSA also has a contract with Capita to issue a proportion of dental PCNs.

Since 2014, NHSBSA has managed the distribution of 5.6 million PCNs with a total value of £676 million. Of these £133 million (20%) were collected, £297 million (44%) were resolved without a penalty charge being paid; and £246 million (36%) remain outstanding.

Relevant reports

- NAO report: *Investigation into penalty charge notices in healthcare* - Session 2017-19 (HC 2141)
- PAC report: *Penalty charge notices in healthcare* - Session 2017-19 (HC 2038)
- Treasury Minute: *January 2020* (CP 210)
- *Treasury Minute Progress Report:* November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313) two remained in progress, one of which is now implemented as set out below.

1: PAC conclusion: ***Patients are finding it extremely difficult to understand whether or not they are entitled to free prescriptions or dental treatment.***

1: PAC recommendation*: The Department of Health and Social Care should set out how it will make exemptions more readily intelligible for all claimants, based on evidence of how users complete applications.*

The Department should work more closely with the Department for Work & Pensions to improve the information provided to benefit claimants about whether they are entitled to free prescriptions. Specifically, it should investigate the feasibility of DWP indicating whether claimants are entitled to free prescriptions or dental treatment in the letters it sends to claimants about eligibility for benefits.

1.1 The government agreed with the Committee's recommendation.

Recommendation implemented

1.2 As previously reported, a raft of work to make exemptions from statutory NHS prescription item and dental treatment charges more readily intelligible has been implemented. The NHS Business Services Authority (NHSBSA) will monitor the position and consider whether any further activity is necessary to achieve the desired level of public awareness and understanding. The NHSBSA's consideration will be informed by intelligence about potential areas of confusion, gained from operation of post exemption checking services and other sources.

1.3 The Department of Health and Social Care (the department or DHSC) has worked closely with the Department for Work and Pensions (DWP) regarding communications it issues to claimants about possible additional benefits. DWP concluded that, at this time, it does not intend to amend the letters given to claimants as they already indicate that claimants may be entitled to claim for additional benefits such as free NHS prescriptions or dental treatment. DWP may review this position again should circumstances change in the future.

1.4 DWP resources have been concentrating on progressing real time exemption checking (RTEC) work. The DWP Benefit Checking Service is being piloted in 5 pharmacies with good results. Business management information shows that DWP can currently provide a successful exemption check for circa 89% of RTEC queries. There is a final data item to be added by September 2021 that will provide 100% coverage. Once RTEC is fully developed and rolled out by DHSC, it will 'confirm' people with a valid exemption from the statutory NHS prescription item charge and return an 'unknown' result when a valid exemption is not found. RTEC search results, are expected to compensate in part for discontinuation of the above work on notifications and will be of great help to the public.

4: PAC conclusion***: The Committee is highly sceptical that real-time exemption checks will be rolled out soon.***

4: PAC recommendation: ***NHS England and NHSBSA should pursue real-time checking as a priority, and should write to us with the results of the pilots, confirming a timetable for implementation and the cost of the real-time checking project.***

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: December 2021
Original target implementation date: March 2020

4.2 Under the NHS Business Services Authority's (NHSBSA) stewardship, the introduction of RTEC technology into pharmacies in England continues to proceed at pace. As at 1 February 2021, RTEC was live in 4,191 community pharmacy premises; well over a third of those in the country.

4.3 It is important to note that individual pharmacy software suppliers decide whether to participate in the RTEC project and determine the speed that pharmacies in their estate go live, as this depends on system readiness. The NHSBSA continues its work to engage with suppliers, encourage participation and expedite roll-out.

4.4 RTEC currently confirms NHSBSA held exemptions, with work ongoing on an application programme interface (API) to incorporate checking of DWP benefit related exemptions. As at 1 February 2021, the first two phases of the API development are complete, and functionality is piloting in 5 pharmacies. DWP development work on the third and final phase of the API project is ongoing, with a provisional completion date of September 2021.

4.5 Responding to the COVID-19 pandemic has put significant pressure on the organisations involved with the RTEC project. Not just DHSC, DWP and the NHSBSA, but also on pharmacy teams. The fact that work on the RTEC project has continued, throughout the pandemic, clearly demonstrates that it is being pursued as a priority, but understandably on a slightly slower timescale.

One Hundred and Seventeenth Report of Session 2017-19

HM Treasury / Department for International Development / Foreign and Commonwealth Office / Department for Business, Energy and Industrial Strategy

The effectiveness of Official Development Assistance expenditure

Introduction from the Committee

In 2010, the coalition government committed to spending 0.7% of UK gross national income on overseas aid—known as Official Development Assistance (ODA)—from 2013 onwards. This is the proportion of a nation's income that the United Nations has said developed countries should aim to spend on overseas aid. In 2017, ODA expenditure was over £14 billion.

In 2015, the Department for International Development (DFID) and HM Treasury introduced a new strategy for the UK's ODA spending. This proposed that while DFID would remain the UK's primary channel for ODA expenditure, a greater proportion would be administered by other government departments, cross-government funds and other bodies. It also established four objectives for ODA spending, and emphasised the need to demonstrate that it was securing value for money. Departments are responsible for managing their ODA expenditure, with each Accounting Officer responsible for the proper stewardship of their department's ODA budget. HM Treasury is responsible for setting each department's ODA budget.

Relevant Reports

- NAO report: *The effectiveness of Official Development Assistance expenditure*– Session 2017-19 (HC 2218)
- PAC report: *The effectiveness of Official Development Assistance expenditure* – Session 2017-19 (HC 2048)
- NAO report: *Managing the Official Development Assistance target*– Session 2017-19 (HC 243)
- Treasury Minutes: *January 2020* Session 2019 (CP 210)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were ten recommendations in this report. As of the last Treasury Minute (CP 313), three recommendations have been implemented, and seven recommendation remained work in progress, all of which have now been implemented as set out below:

1: PAC conclusion: ***HM Treasury's focus on the effectiveness and value-for-money of ODA expenditure has been weak.***

1a: PAC recommendation: ***HM Treasury should take the following steps to ensure it is effectively overseeing the effectiveness of ODA spending:***

(a) Develop its framework for monitoring progress against the Aid Strategy to incorporate value for money;

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 HM Treasury (the Treasury) places the same strong focus on the value for money and effectiveness of Official Development Assistance (ODA) spending as it does all government expenditure. The monitoring framework for the UK *Aid Strategy* was developed in response to calls from the National Audit Office that government should bring together information to demonstrate impact against the objectives of the Aid

Strategy as a whole, to sit above programme and sector-level monitoring and evaluation. This was not intended to monitor comprehensively implementation across the full range of government ODA programmes, but rather to provide regular snapshots of progress against the Aid Strategy's objectives through a range of input, output and outcome indicators (i.e. effectiveness).

1.3 In November 2020, the Foreign Secretary set out a new strategic approach to UK ODA that will see aid delivered in a more strategic, integrated and overarching way. It focusses its efforts on global challenges, where the UK can make the most impact, like the COVID-19 pandemic and climate change, ensuring that every penny of its investment goes as far as possible and delivers maximum impact.

1.4 To ensure close alignment of UK aid with the objectives to be set out in the *Integrated Review*, the Foreign Secretary will lead a cross-departmental process on a new international development strategy. Through this process, the Treasury, working closely with the Foreign, Commonwealth and Development Office (FCDO), will seek to strengthen the governance, value for money, and overall effectiveness of ODA across government.

1b: PAC recommendation: ***and (b) Make sure that departments have set up frameworks for assessing value for money at the business case stage of new programmes.***

1.5 The government agrees with the Committee's recommendation.

Recommendation implemented

1.6 The Treasury requires all departments to ensure that proposals are developed and appraised in line with the revised Green Book, which includes the requirement to assess value for money at the business case stage of new programmes. To support this, at the conclusion of the 2020 Spending Review, the Treasury placed a condition on ODA-spending departments that they must demonstrate that they use rigorous evidence to underpin spending decisions and that there must be clear lines of accountability for all ODA projects and project performance must be regularly assessed.

1c: PAC recommendation: ***and (c) Complete a full assessment of the impact of other government departments having more responsibility for ODA expenditure in time for the next spending review.***

1.7 The government agrees with the Committee's recommendation.

Recommendation implemented

1.8 To inform the 2020 Spending Review, the Treasury conducted an assessment in consultation with other departments of the impact of other government departments' having more responsibility for ODA expenditure. This drew on information provided by departments and produced by external bodies.

1.9 Since the Committee's recommendation in September 2019, the Foreign and Commonwealth Office and Department for International Development (DFID) merged to become the Foreign, Commonwealth and Development Office (FCDO) on the 2 September 2020. The merger was designed to increase strategic coherence across the UK's international effort, including spending.

1.10 To ensure strategic coherence and maximise value for money from ODA spending, the Foreign Secretary led a cross-government process after the 2020 Spending Review to agree how ODA is allocated against the government's priorities. The Foreign Secretary published a *Written Ministerial Statement* on 26 January to set out the process and conclusion of the review.

1d: PAC recommendation: ***and (d) Allocate a significant proportion of ODA on the basis of joint bids.***

1.11 The government agrees with the Committee's recommendation.

Recommendation implemented

1.12 Departments working together using their respective expertise and experience is crucial to achieve the government's objectives for ODA spending.

1.13 There are several policy areas in which departments currently work closely together to achieve the government's ODA objectives, including on climate, research, health, security and prosperity.

1.14 Since the Committee's recommendation in September 2019, the Foreign and Commonwealth Office and DFID merged to become the Foreign, Commonwealth and Development Office (FCDO) on the 2 September 2020. The merger is designed to increase strategic coherence across international spend in a way that reduces the need for joint bids.

1.15 To ensure strategic coherence and maximise value for money from ODA spending, the Foreign Secretary led a cross-government process after the 2020 Spending Review to agree how ODA is allocated against the Government's priorities. The Foreign Secretary published a Written Ministerial Statement on 26 January 2021 to set out the process and conclusion of the review.

2: PAC conclusion: ***It is not clear how HM Treasury will, in the future, make use of the Department for International Development's expertise to support the allocation and oversight of ODA expenditure.***

2: PAC recommendation: ***Working with HM Treasury, DFID should set out the steps it will take to increase its involvement in allocating ODA expenditure and overseeing its overall effectiveness.***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 As with all public expenditure, the Treasury allocates ODA funding to departments at each spending review. This will involve working closely with the FCDO. To ensure strategic coherence and maximise value for money from ODA spending, the Foreign Secretary led a cross-government process after the 2020 Spending Review to agree how ODA is allocated against the government's priorities. The Foreign Secretary published a Written Ministerial Statement on 26 January 2021 to set out the process and conclusion of the review.

2.3 The new FCDO will take on the former DFID's responsibilities on the administration of ODA, alongside HM Treasury. The former DFID's role consulting and supporting other departments to build their ODA spending capability will be taken forward by the new FCDO.

2.4 To ensure close alignment of UK aid with the objectives to be set out in the Integrated Review, the Foreign Secretary will lead a cross-departmental process on a new international development strategy.

4: PAC conclusion: ***Departments have not done enough to get measures and data in place to assess the impact of their programmes.***

4: PAC recommendation: ***All ODA spending departments should report back to us in 6 months' time on the extent to which they will increase the proportion of their ODA-funded programmes that use performance measures based on impacts and outcomes.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Departments that deliver ODA-funded programmes should have responded directly to the Committee in relation to this recommendation. The FCDO's response was included in the November 2020 update and has been updated again below.

4.3 More widely, the 2020 Spending Review placed a renewed focus on outcomes and tied spending and performance more closely together. This approach is part of implementing the Public Value Framework (PVF).

4.4 The varied nature of ODA policy areas and the differing contexts that policy programmes operate in means that effectiveness is best measured through a combination of input, output and outcomes measures.

4.5 Departments must evaluate programmes effectively, and robust systems need to be in place to provide assurance that programmes are delivering longer term impacts. All departments have systems in place for monitoring the impact of their programmes, though these will necessarily differ in nature depending on the context and operating environment.

4.6 All legacy DFID and FCO programmes are subject to annual review, including an assessment of progress towards their planned impact and outcomes, and a final evaluation of outcomes and impact at programme completion. Following the establishment of the FCDO, work commenced on developing a new robust and effective framework for delivery in the new organisation. As part of that, a new delivery framework was launched towards the end of 2020. This will support the organisation to track and focus its work, evaluating both policy and programmes in terms of impact and outcomes. The framework is being rolled out to priority areas for FCDO. The framework has also been integrated into the department's approach to business planning. In April 2021, FCDO launched the new Programme Operating Framework (PrOF), setting the rules, controls, guidance and competencies for all FCDO programmes. Training on programme management is now being rolled out to staff to embed the PrOF.

6: PAC conclusion: ***The dramatic increase in the FCO's ODA spending raises questions about its focus and priorities.***

6: PAC recommendation: ***The FCO should, in time to inform future spending allocations, complete a strategic review of the impact of ODA funding on its purpose and priorities.***

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 Since the Committee's recommendation in September 2019, the context for this recommendation has significantly changed when the FCO and DFID merged to become the Foreign, Commonwealth and Development Office on 2 September 2020.

6.3 FCDO brings together the development expertise from DFID with the diplomatic reach and clout of the FCO to ensure the government places its world-class development programmes at the heart of foreign policy.

6.4 In November 2020, the Foreign Secretary set out a new strategic approach to UK ODA that will see aid delivered in a more strategic, integrated and overarching way. It focusses the government's efforts on global challenges, where the UK can make the most impact, like the COVID-19 pandemic and climate change, ensuring that every penny of its investment goes as far as possible and delivers maximum impact. To ensure close alignment of UK aid with the objectives to be set out in the Integrated Review, the Foreign Secretary will lead a cross-departmental process on a new international development strategy.

One Hundred and Eighteenth Report of Session 2017-19

Cabinet Office and Department for Digital, Culture, Media and Sport

Challenges in using data across Government

Introduction from the Committee

Responsibility for government data sits across departments: The Department for Digital, Culture, Media and Sport (DCMS) has responsibility for data policy. The Government Digital Service (GDS), part of the Cabinet Office, has responsibility for data skills and standards. The Data Advisory Board (chaired by the Chief Executive of the Civil Service with a membership of permanent secretaries) has a senior cross-government oversight role. Individual departments are responsible for managing their data and for funding and carrying out data improvement projects. In June 2018, the government announced that DCMS would produce a national data strategy, which it expects to publish in 2020. The strategy intends to 'position the UK as a global leader on data' and to cover how data is used in business and the wider economy as well as in government. It is the twelfth in a series of reports and strategies on using and sharing data across government dating back to 1999.

Relevant Reports

- NAO Report: *Challenges in using data across government* – Session 2017-19 (HC 2220)
- PAC Report: *Challenges in using data across government* – Session 2017-19 (HC 2492)
- *Treasury Minute Progress Report*: January 2020 (CP 210)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As set out in Treasury Minute (CP 313), two recommendations remained work in progress both of which have been implemented set out below.

1: PAC conclusion: *Leadership of initiatives to improve data is fragmented and unclear.*

1: PAC recommendation: *As a matter of urgency, Cabinet Office and DCMS should appoint a Chief Data Officer for government, to act as a single point of accountability for government's use of data.*

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 Transforming the use of government data for improved policy-making decisions and joined up, trusted services delivery is a key priority for this government. The government agrees that strong leadership and accountability for data use across government is key to achieving this.

1.3 On 22 July 2020, the Prime Minister made a Written Ministerial Statement transferring functions for the government's use of data from the Department for Digital, Culture, Media and Sport (DCMS) to the Cabinet Office (CO) with effect from 1 August 2020. The transfer includes responsibility for data sharing (including coordination of Part 5 of the Digital Economy Act 2017), data ethics, open data and data governance in relation to government use of data. Subsequently, the government has published the government's mission in the *National Data Strategy*, which sets out 5 key areas of reform: unlocking the value of data across the economy; securing a pro-growth and trusted data regime; transforming government's use of data to drive efficiency and improve public services; ensuring the security and resilience of the infrastructure on which data relies; and championing the international flow of data.

1.4 To ensure this plan is driven from the centre of government, Cabinet Office has recruited a new Digital, Data and Technology (DDaT) leadership team including a new CEO of the Government Digital Service (GDS) and a chair and chief executive for the Central Digital and Data Office (CDDO). The CDDO fulfils the same function and responsibilities that is expected of the Government Chief Data Officer. The Cabinet Office plans to recruit a Chief Data Officer to sit within the CDDO in due course. The Head of the Data Standards Authority, and the work of her team is overseen by a senior Steering Board, chaired by Joanna Davinson, Executive Director of the CDDO. The Permanent Secretary of the Cabinet Office *has written to the Public Administration and Constitutional Affairs Committee* to update on the work of the Data Standards Authority (DSA). This letter has also been shared with the Committee.

5: PAC conclusion: ***Ageing IT systems across government make it difficult for it to use data effectively and efficiently.***

5: PAC recommendation: ***The Cabinet Office and DCMS should identify the main ageing IT systems that, if fixed, would allow government to use data better. They should ensure that whenever departments replace or modify these systems, this is done with full consideration of how the systems will support better use of data in government.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The government's legacy IT estate poses a significant challenge to the delivery of its citizen services and existing funding processes have failed to prevent the creation of legacy IT.

5.3 To identify the systems that are most at risk, the Permanent Secretary of the Cabinet Office has hosted a series of Challenge Sessions with the heads of several major government departments. Departments declared their largest legacy risks and detailed their remediation plans for these. Departments have also been requested to report on their legacy IT maturity during the 2020 Spending Review. Progress with legacy remediation will be monitored by the Cabinet Office on an ongoing basis; including through regular Quarterly Business Reviews with the major DDaT departments. These will be chaired jointly by the Executive Director of the CDDO and HM Treasury, and are designed to track progress against a range of major DDaT priorities and challenges, including legacy IT.

5.4 The Cabinet Office is onboarding remaining departments onto the digital and technology pipeline process, ensuring all departments share a view of upcoming digital and technology spend, and helping to identify legacy within those departments. Teams have been deployed into the Department for Environment, Food and Rural Affairs (DEFRA), Home Office (HO) and Cabinet Office to support this work, with HM Revenue and Customs (HMRC) to follow in the next three months. Discovery work has taken place to look at how departments track their hardware and software assets with GDS working alongside National Cyber Security Centre (NCSC) colleagues, with the aim of sharing best practice and monitoring and remediating legacy issues early.

5.5 CDDO are leading on a package of products and training materials for departments to improve capability and maturity, including providing guidance on legacy IT remediation and the Spend Controls Pipeline assurance process. Government Security Group are also reviewing the HM Treasury Green Book guidance to support departmental business cases seeking to address legacy issues. Crown Representatives are working with the government's strategic suppliers to identify what support they can provide and to understand best practice from outside of government.

One Hundred and Nineteenth Report of Session 2017-19

The Home Office

Serious and Organised Crime

Introduction from the Committee

The Home Office (the Department) has overall responsibility for serious and organised crime policy, strategy and funding. The National Crime Agency (NCA) leads and coordinates UK law enforcement's response to serious and organised crime. It has identified eleven major serious and organised crime threats: child sexual exploitation and abuse; modern slavery and human trafficking; organised immigration crime; illegal drugs; illegal firearms; organised acquisitive crime; money laundering; fraud and other economic crime; international bribery, corruption and sanctions contravention; and cyber-crime. Serious and organised crime is planned, coordinated and committed by people working individually, in groups, or as part of transnational networks. The Home Office works with over 100 organisations to tackle serious and organised crime, including elected Police and Crime Commissioners (PCCs), police forces, Regional Organised Crime Units (ROCUs), the NCA and a range of international, national and local organisations.

Serious and organised crime is estimated to cost the UK economy at least £37 billion a year, and more people are thought to be killed as a result of serious and organised crime every year than all other national security threats combined. There are at least 4,500 organised criminal groups active in the United Kingdom. In 2013 the Home Office launched a strategy for dealing with serious and organised crime based on the '4Ps' model used in counter-terrorism. This model focuses on 4 elements:

- **prevent** people getting involved in crime;
- **pursue** and disrupt illegal activities once they have happened;
- **protect** society against crime; and
- **prepare** for when crime occurs so the impact can be mitigated.

In 2018 the Home Office produced a new strategy retaining the same '4P' model. This aimed to address shortcomings in the 2013 strategy by doing more work to prevent people committing serious and organised crime, developing data exploitation capabilities, and improving the way funding is allocated.

Relevant reports

- NAO report: *Tackling serious and organised crime* Session 2017–19 (HC 2219)
- PAC report: *Serious and Organised Crime* Session 2017-19 (HC 2049)
- *Treasury Minute Report* Session 2017–19 (CP210)
- *Letter from Home Office Permanent Secretary to PAC Chair* 16 January 2020
- *Letter from Home Office Permanent Secretary to PAC Chair* 9 April 2020
- *Letter from Home Office Permanent Secretary to PAC Chair* 16 July 2020
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute (CP 313), three remained work in progress, of which one has now been implemented as set out below:

3: PAC conclusion: ***Constraints created by current funding arrangements for law enforcement bodies make it harder to tackle serious and organised crime.***

3: PAC recommendation: ***As soon as possible, or as part of the Spending Review, the Home Office should agree with HM Treasury a way to provide greater certainty on how multi-year police programmes will be funded and administered.***

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: Summer 2020

3.2 Owing to the COVID-19 public health and economic emergency, SR20 provided a one year settlement. Therefore, the department's ability to provide multi-year certainty is limited. The department will continue to develop a multi-year funding model through the wider Serious and Organised Crime reform programme. In the interim, the department will look to rationalise how funding is administered in 2021-22, particularly where multiple grants go to the same recipient.

5: PAC conclusion: ***The PAC are concerned that a lack of clarity about the roles and responsibilities of the organisations involved in tackling serious and organised crime hinders the effectiveness of their activities.***

5: PAC recommendation: ***The Home Office should develop a clear statement of roles and responsibilities at a local, regional and national level and provide an update to the Committee within three months. This should be underpinned by guidance for PCCs on their role.***

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: Summer 2020

5.2 Work is ongoing to clarify roles and responsibilities at local, regional and national levels for policing. The department is reviewing the NCA's annual Strategic Priorities, through which the Home Secretary will set the direction for the Agency during 2021-22. On 16 March, the Home Secretary laid a Written Ministerial Statement announcing the recommendations arising from Part One of the Police and Crime Commissioner Review. One of the recommendations is to launch a consultation to revise the Policing Protocol, which will help to strengthen the clarity around roles and responsibilities in policing. The consultation will be launched following the PCC elections in May 2021.

6: PAC conclusion: ***The Home Office is not using the levers it has to manage the complex law enforcement system effectively.***

6a: PAC recommendation: ***As soon as possible after the spending review, or within six months of this report, it should review the Strategic Policing Requirement, which sets out the threats that require a coordinated policing response. This should consider the local needs and capabilities of forces and not be a one-size fits all approach.***

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The Home Office commenced a review of the Strategic Policing Requirement (SPR) on 21 October 2020 and has consulted a range of policing partners, including Chief Constables and Police and Crime Commissioners, on the national threats to be included in the SPR, the required policing response to each threat, and options for strengthening accountability and improving governance around the SPR. Stakeholder engagement has been extensive and has been carried out through a number of different channels including: a series of SPR working groups in November and December 2020; the National Policing Board in November 2020; and a stakeholder questionnaire which was shared widely with the sector.

6.3 As part of the review, the Home Office has deliberately consulted and sought contributions from operational policing on the capabilities that are required to respond to each of the named threats at the local and regional level. In doing so, the revised SPR will be clearer about the contribution needed to respond to each of the national threats.

6.4 At this time, the review is ongoing and work with policing partners continues to shape a revised version of the SPR. The revised SPR will be published following the PCC elections in May 2021.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2019

Updates on recommendations reported as work in progress

First Report of Session 2019

Department of Health and Social Care

NHS Property Services

Introduction from the Committee

NHS Property Services Limited was established in December 2011 as part of the reforms to the health system to manage, maintain and improve NHS properties in England then owned by 10 strategic health authorities and 151 primary care trusts. It is a company wholly owned by the Secretary of State for Health and Social Care and began activity in April 2013.

NHS Property Services' portfolio consists of about 2,900 properties (about 12% of the NHS estate by floor space) with an estimated value of £3.8 billion. More than 60% of its properties are health centres, surgeries or clinics. It has almost 7,000 tenants, half of which are NHS trusts and GPs. It has three main roles: acting as a landlord to manage the estate; providing strategic estates management; and providing facilities management services.

Relevant Reports

- NAO report: *Investigation into NHS Property Services Limited* - Session 2017-19 (HC 2222)
- PAC report: *NHS Property Services* – Session 2019 (HC 200)
- *Treasury Minute* – January2020 – Session 2019 (CP 210)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minute (CP 313), five recommendations remain work in progress as set out below.

1: PAC conclusion: ***NHS Property Services was set-up to fail: it was created with a muddled objective – it does not have the same powers as a commercial landlord but is expected to run parts of the estate for the Department of Health and Social Care and it inherited a range of long-standing issues.***

1: PAC recommendation*: The Department should ensure that its current review addresses the recommendations set out below and should report back to the Committee on progress by July 2020.*

1.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2020

1.2 The department's current review is looking at process and system improvements to the operational performance of NHS Property Services (NHSPS). The department and NHS England and NHS Improvement (NHSE/I) are already committed to delivering improvements to occupancy and charging arrangements for post April 2020. All the recommendations in this Public Accounts Committee report are already being addressed as part of the current review and the department will report back to the Committee on progress by July 2020.

2: PAC conclusion: ***The lack of rental agreements in place undermines NHS Property Services' ability to manage its estate effectively and drive maximum value either in income or in public benefit.***

2: PAC recommendation: ***Within two months the Department should set out a clear timetable for NHS Property Services to agree tenancy details with all tenants by July 2020. This will require:***

• proper transparency between NHS Property Services and tenants on the basis for all proposed charges;

• national bodies to ensure that tenants fully engage with the process to agree tenancy arrangements;

• an agreement from national bodies of any funding arrangements required to meet agreed obligations;

• an agreed process for making changes to tenancy arrangements and billing.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: February 2020

2.2 The department has worked closely with (NHSE/I) and NHSPS to agree an action plan to address the level of debt and increase the number of occupancy agreements in place. A joint letter from the department and NHSE/I setting out these measures will be issued to NHS Commissioners and Providers in early 2020.

2.3 NHSPS is undertaking a programme of work to have deemed occupancy agreements in place for 90% of its tenants for the 2020-21 financial year. A "deemed agreement" seeks to agree the occupancy area and rental charges.

2.4 A "check-in" process was introduced by NHSPS earlier in 2019 to enable it to meet face to face with its tenants to discuss and agree the Annual Charging Schedules and to understand whether charges are disputed. The Annual Charging Schedules include all charges (rent, rates, services and facilities management). NHSPS has committed to issue Annual Charging Schedules for 2020/21 ahead of the new financial year for the first time to agree with tenants.

2.5 Local commissioners are fully funded for the local health care requirements including reasonable premises costs. From 2016-17 NHSPS moved to charge market rental for premises and the department injected an extra £127million into the NHSE/I mandate to fund contribute to this.

2.6 The department convenes a monthly Programme Leadership and Escalation Group meeting with NHSE/I and NHSPS to oversee the joint plans to agree occupancies and reduction in debt. NHSE/I Regional teams will where possible help NHSPS resolve disputes involving NHS tenants (but not GPs), which comprise circa 55% of NHSPS's customers.

3: PAC conclusion: ***Outstanding debt from tenants has almost tripled to £576 million.***

3: PAC recommendation: ***The Department should set NHS Property Services clear debt recovery targets for current year debt and agree an approach for historic debt. The Department should clarify whether tenants are being expected to carry liabilities in their accounts while disputes are ongoing.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: February 2020

3.2 A joint letter from the department and NHSE/I setting out measures to address current year and historic debt will be issued to NHS Commissioners and Providers in early 2020. As part of the joint action plan, the department has set clear debt reduction targets for the end of March 2020 to be achieved by NHSPS.

3.3 Tenants of NHSPS have been segmented by customer group. For NHS tenants there is an agreed escalation process also involving regional NHSE/I teams.

3.4 For General Practices, NHSE/I is working with NHSPS and commissioners (CCGs) to implement direct payments for reimbursable costs (primarily rent, business and water rates). The agreements will be voluntary between a commissioner and Practice. DHSC chairs a panel with NHSE/I representation which considers escalations involving non-NHS tenants (ie including GPs) on a case-by-case basis.

3.5 In respect of NHS tenants carrying liabilities during disputes, the department and NHSE/I expect a prudent assessment of liabilities in accordance with generally accepted accounting practice. Where necessary disputes will be resolved on a case by case basis.

4: PAC conclusion: ***NHS Property Services has not got the balance right between local initiatives and incentives and national control.***

4: PAC recommendation: ***The Department and NHS Property Services should engage local areas as how best to maintain and improve their local estate. As part of this:***

- ***the Department should consider the benefits of developing a shared incentive plan that guarantees local areas a percentage of the disposal value of any local property disposals by March 2020;***
- ***NHS Property Services should engage more with local bodies in making decisions about their local estate; and***
- ***NHS Property Services should review whether its mix of inhouse and outsourced facilities management contracts delivers value for money to both the taxpayer and local tenants.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2020

4.2 The department is considering whether any changes should be made to its policy on the disposal of surplus NHSPS sites. The current policy is that capital receipts from the sale of surplus sites are reinvested in backlog maintenance in the NHSPS estate, according to needs and priorities on a national basis.

4.3 NHSPS works closely with local commissioners and providers to optimise the estate and where appropriate to release properties surplus to local healthcare requirements for sale.

4.4 Where properties are vacant for over six months without a defined future healthcare use, NHSPS will seek to market the property to mitigate ongoing costs locally. Following standard public sector practice, NHSPS must first place a property on the Register of Surplus Public Sector Land (ePIMS) for 40 working days, during which time other public sector bodies, including local authorities, can express interest in the site.

4.5 The department already sets annual targets for NHSPS' operating costs, including stretching cost efficiency targets. It is for NHSPS to demonstrate that it is providing value for money services to its tenants, whilst maintaining operational properties to meet health and safety standards, and how best this can be achieved ie through using in-house staff or external suppliers.

5: PAC conclusion: ***There is not a level playing field for all NHS tenants in terms of the rent paid and compulsion to pay it.***

5: PAC recommendation: ***The Department needs to move towards a more equitable model of charges, with transparency about any subsidies that are received, and ensure that tenants and commissioners are funded at an equitable level.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2020

5.2 The department agrees that there is an equity issue if GPs in NHSPS owned properties do not pay for a fair proportion of services and the 80% of GPs in either owned or third party lease properties do have to meet these equivalent costs from their contract income.

5.3 The purpose of agreeing formal occupancy agreements is to identify and set out payment responsibilities fairly, clearly and unambiguously.

5.4 NHSPS is funded solely from charges based on the occupation of properties and consumption of services they provide. There is no direct link between NHSPS charges and commissioner funding allocations.

5.5 NHSPS has the normal range of legal enforcement mechanisms that any property- owner would have to recover debt which include suing for recovery, asking courts to agree lease terms and ultimately eviction. Equally, their tenants should not be hit with unreasonable fees. The legal merits of each dispute need to be considered on a case-by-case basis. The department would prefer that these issues were resolved through engagement using the mechanisms set out above.

Second Report of Session 2019

Ministry of Justice and HM Courts and Tribunal Service

Transforming Courts and Tribunals: progress review

Introduction from the Committee

HM Courts & 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. Against a backdrop of financial and operational pressure to improve the administration of the justice system, in 2016, HMCTS established a six-year (now extended to seven), £1.2 billion change programme to modernise and upgrade the courts and tribunals system. The reforms aim to alter the way criminal, family and civil courts and tribunals operate by introducing new technology, working practices and changing the way HMCTS uses its buildings and staff. By 2023, HMCTS expects that 2.4 million cases per year will be dealt with outside physical courtrooms and it will employ 5,000 fewer staff. HMCTS expects to save £244 million a year from these changes, which will come from lower administration and judicial costs, fewer physical hearings and running a smaller court estate.

Relevant reports

- PAC report: *Transforming Courts and Tribunals* – Session 2017-19 (HC 976)
- NAO report: *Transforming Courts and Tribunals*: a progress update – Session 2017-19 (HC 2638)
- PAC report: *Transforming Courts and Tribunals: progress review* Session 2019 (HC 27)
- *Treasury Minutes*: January 2020 (CP 210)
- *Treasury Minutes Progress Report*: November 2020 (CP 313)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 313), four recommendations remained in progress, one of which is now implemented, as set out below.

1: PAC conclusion: *Reforms are continuing to fall behind schedule: we are not convinced that it is possible for HMCTS to deliver everything promised in the current timeframe.*

1: PAC recommendation: *HMCTS should write to the Committee once it finalises its next business case to set out the proposed alternative arrangements if plans cannot be achieved within current timeframes, including what projects could be eliminated, reduced or delayed if reforms come under further pressure.*

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: July 2020

1.2 HM Courts & Tribunals Service (HMCTS) remains committed to updating the Committee as decisions relating to its business case are made. The Acting Chief Executive provided a general update relating to Court Reform as part of the Ministry of Justice (the department or MoJ) recall hearing on 11 February 2021.

1.3 As confirmed on the 11 February 2021, HMCTS is focussed on delivering the intended scope of the portfolio within the agreed time frame (end of 2023). It remains confident that this is achievable and the right thing to do. On the 12 February 2021, the Major Projects Review Group (MPRG) met to discuss the scheduled PBC6 version of the business case. The department will write to the Committee once Ministers have considered the recommendations from the MPRG and approvals for the business case have been agreed.

2: PAC conclusion: ***HMCTS risks undermining public confidence in the fairness of the justice system by proceeding with its reforms without sufficiently demonstrating it understands the impact on justice outcomes or people.***

2: PAC Recommendation: ***HMCTS and the Ministry should write to the Committee by July 2020 demonstrating how evaluations will influence implementation of future services, including, where possible, an assessment of how reforms are affecting justice outcomes. It should map out the links between planned evaluations and its reform delivery plan to demonstrate how learning will influence future developments and deployments of services.***

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: July 2020

2.2 HMCTS *wrote to the Chair of the Committee* on the 20 July 2020 with an interim update.

2.3 The department is carrying out an overarching evaluation of the HMCTS Reform Programme to understand what effect Reform has had on outcomes (for example, hearing outcomes, sentence and financial awards), access to justice (such as ability and speed to which court users can effectively pursue a case), and cost to users (such as travel time and time wasted). The publication of the framework for the overarching evaluation of the HMCTS Reform Programme has been delayed, but it is intended to publish it as soon as possible. The interim report will be published in 2022.

2.4 In addition to the overarching evaluation, HMCTS has developed a project-level evaluation strategy for the Reform Programme. This evaluation work will complement and inform overarching evaluation, and we the department will coordinate its approaches to maximise the benefits for both overarching and project-level evaluations.

4: PAC conclusion: ***HMCTS has improved how it communicates with stakeholders, but many still do not feel listened to, undermining trust in reform.***

4: PAC recommendation: ***HMCTS should set out what it will do to shift its engagement with key stakeholders from broadcasting information to genuinely listening and responding to feedback. It should provide examples where this engagement has resulted in change.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 In November 2018, the department set out its approach to engagement by publishing a *stakeholder engagement strategy*. As part of the engagement strategy, HMCTS set out five commitments which underpin our stakeholder activity:

- Developing a greater understanding of perceptions and needs
- Auditing, assessing and tracking our engagement
- Improving consistency in the frequency and level of engagement we undertake
- Increasing visibility of opportunities for stakeholders to engage with us
- Extending the reach of our engagement to more people

HMCTS provided an update on the progress against these commitments *in January 2020*.

4.3 In September 2020, a series of *case studies* was published, providing examples of stakeholder involvement in the development of Court Reform projects.

4.4 As a result of the progress HMCTS has made against this recommendation, where HMCTS has demonstrated that it genuinely listens to stakeholders and responds to their feedback and has provided examples of where this engagement has resulted in change, this recommendation has been implemented.

6: PAC conclusion: ***The Ministry of Justice is facing a potentially huge spike in demand from changes to sentencing and increased funding for the Police, which risks placing increased strain on already stretched services.***

6: PAC recommendation: ***The Ministry should report back to the Committee in six months, setting out how it plans to maintain and improve services in the face of rising demand in the justice system. The plans should cover:***

- ***Court and tribunal services;***
- ***Prisons; and***
- ***Probation.***

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: August 2021
Original target implementation date: August 2020

6.2 Since the response to the Committee's report, the department has been focusing on managing the response to and recovery from the COVID-19 pandemic. The department has been regularly assessing the impacts on demand and supply across its systems to inform its planning.

6.3 The department has been successful in introducing emergency measures to ensure that courts and tribunals services never stopped: judges prioritised the most urgent hearings and this government provided the necessary infrastructure to continue safely. HMCTS enabled remote hearings, made the estate safe, acquired new spaces, and legislated to ensure justice could continue. This action has made a difference: the UK was among the first of comparable international jurisdictions to re-start jury trials, there are around 20,000 hearings per week with remote participants, and cases are now being completed around pre-pandemic output levels in most jurisdictions. The department is moving forward with maximising capacity through the introduction of 60 Nightingale courtrooms at the end of March 2021, and increasing sitting days.

6.4 The department acted quickly to protect the prison estate from the spread of the virus and to enable the safe functioning of probation services. In prisons, its programme of new temporary accommodation and maximising safe releases created the headroom that was needed to quarantine new entrants, isolate symptomatic prisoners, and shield the vulnerable. Throughout the pandemic, probation has remained focussed on protecting the public and reducing reoffending while also playing its part in reducing the spread of the COVID-19 virus. In June 2020, the department set out a plan for returning probation services to normal, in line with the latest public health guidance. Following that plan has put probation in a much stronger position to supervise offenders effectively during the pandemic. Developments like COVID-secure offices, COVID testing of staff and service users in Approved Premises, regular risk assessments of staff with vulnerabilities, social distancing, and use of personal protective equipment are allowing the department to continue to deliver probation services even within heightened restrictions, while ensuring staff and service users remain safe.

6.5 The department is continuing to assess this picture to ensure it can respond to changing demand as the system recovers, including that the department understands the impacts of wider government policy, such as increased police recruitment, on the justice system.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2019-21

Updates on recommendations reported as work in progress

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Recommendations fully resolved

	Report Title
19	Restoration and renewal of the Palace of Westminster

First Report of Session 2019-21

Department for Education

Support for children with special educational needs and disabilities

Introduction from the Committee

A child or young person has special educational needs or disabilities (SEND) if they have a learning difficulty or disability which calls for special education provision to be made for him or her. At January 2019, 1.3 million school-age children in total were recorded as having SEND. Of these 270,800 pupils (20.6% of pupils with SEND) had legally enforceable entitlements to specific packages of support that are set out in formal EHC (EHC) plans. These were children whom local authorities had assessed as needing the most support. The remaining 1,041,500 children with SEND did not have EHC plans but had been identified as needing some additional support at school. At January 2019, 87.5% of pupils with SEND attended mainstream state primary and secondary schools.

The Department for Education (DfE) is accountable to Parliament for the support system and for securing value for money from the money it provides (£9.4 billion in 2018-19) for schools in England to support pupils with SEND. Local authorities, working with other national and local bodies, have a statutory responsibility to ensure that children with SEND receive the support they need. In September 2014, under the Children and Families Act 2014, the government made substantial changes on how children with SEND are supported. Among the aims for the changes were that children's needs would be identified earlier, families would be more involved in decisions affecting them, and EHC services would be better integrated.

Relevant reports

- NAO report: *Support for pupils with special educational needs and disabilities in England* – Session 2017-19 (HC 2636)
- PAC report: *Support for children with special educational needs and disabilities* – Session 2019-21 (HC 85)
- *Treasury Minute July 2020* (CP 270)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 270), the government disagreed with one recommendation and three recommendations had been implemented. Two recommendations remained work in progress, one of which is now implemented, as set out below.

1: PAC conclusion*: Many children with SEND are being failed by the support system.*

1: PAC recommendation: *The Department should, as a matter of urgency, complete and publish its SEND review. The review should set out the actions that the Department and others will take to secure the necessary improvements in support for children with SEND, and the timescale within which families will see practical changes. We expect the Department to explain the evidence it has used to support its conclusions, and to set out what quantified goals it will use to measure success in the short, medium and long term.*

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: Autumn 2020

1.2 The government shares the vision set out in the Committee's report of better outcomes to support children and the Special Educational Needs or Disabilities (SEND) Review's thinking has been informed by the evidence the Committee supplied. The review is looking at ways to establish a sustainable system which puts families at the heart and gives children and young people with SEND support at the earliest opportunity, so that they can live healthy and fulfilled lives, by:

- Improving the outcomes these children and young people achieve and focusing on preparing children and young people for adulthood from the early years. This means a renewed focus on what works, quality first teaching, finding and addressing needs early, and offering help faster than the Department for Education (the department) currently can.

- Finding ways of being more financially sustainable. The department is spending more than ever per head on SEND, with funding for those with the most complex SEND growing by over £1.5 billion over the two years, 2020-21 and 2021-22. But the department is not seeing an equivalent increase in outcomes and too many services and families still feel the system is not as good as it should be. Central to that is making big improvements to early intervention focusing our precious time, energy, money and expertise where it will make most difference - supporting children and young people, rather than paperwork.

- Providing strong, consistent support in mainstream settings, no matter where families live or which school or college children go to by considering ways to help settings get the support/ expertise they need much more quickly.

1.3 The COVID-19 pandemic has unavoidably delayed completion of the SEND Review and altered the context in which it will be implemented. The department's ambition is to publish proposals for public consultation before summer 2021. The department's Permanent Secretary will be writing to the Chair of the Committee with an update on the target implementation date.

6: PAC conclusion: ***There are not enough state special school places in some parts of the country, meaning local authorities must cover the high cost of places in independent special schools and spend ever larger amounts on SEND transport.***

6: PAC recommendation: ***The Department should carry out a systematic analysis of current and future demand for school places and facilities suitable for pupils with complex needs, and develop a costed plan for meeting those needs. In doing so, it should take account of potential savings in local authorities' transport costs in areas where children currently have to travel a long distance to attend special schools.***

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department announced in November 2020 that it is investing a further £300 million in 2021-22 to provide new school places, improve existing provision, and make accessibility adaptations for children with SEND. The department wrote to local authorities in February 2021 to inform them that £280 million of this funding will be distributed to local authorities through formulaic High Needs Provision Capital Allocations. Details of the allocations each local authority will receive were announced on 9 April 2021. The remaining £20 million will be used for specific High Needs capital projects in support of ongoing work with some of the local authorities facing high Dedicated Schools Grant (DSG) deficits.

6.3 The department will continue to work with local authorities to better understand future demand for SEND provision, including the potential impact on transport, as it considers how it can best support the sector going forwards.

Second Report of Session 2019-21

Ministry of Defence

Nuclear Defence Infrastructure

Introduction from the Committee

The Ministry of Defence (the Department) maintains a submarine-based nuclear deterrent, which relies on a network of programmes, equipment and people, including specialised infrastructure. Poor management of three on-going critical infrastructure projects on nuclear-regulated sites has contributed to a combined cost increase of £1.35 billion and delays of between 1.7 and 6.3 years. Each project suffered significant problems in its early stages and the Department said it immensely regretted the amount of taxpayers' money lost. It accepts that poor contracting had made it difficult to incentivise better performance from contractors, and that it had not engaged effectively with the nuclear regulatory bodies. It also describes its arrangements for the Nuclear Enterprise in the past as 'fragmented and balkanised', with insufficient recognition of the interdependencies between projects.

Since 2016, the Department has negotiated some changes to the contract at one of the three programmes—MENSA—to reduce its financial risk exposure. It has also made some improvements to the oversight of the nuclear enterprise, including the infrastructure projects, through creation of the Defence Nuclear Organisation and the Submarine Delivery Agency. As a result, the Department considers it now has a better understanding and control of the programmes. It has also worked to develop better relationships with the regulators to ensure there is a more effective discussion about the balance between risk and value for money, although it is too early to assess whether all these reforms have been effective. The Department acknowledges that it still has shortages of the specialist skills it needs.

Relevant reports

- NAO report: *Managing infrastructure projects on nuclear regulated sites* Session 2019-20 (HC19)
- PAC report: *Defence Nuclear Infrastructure* Session 2019-21 (HC 86)
- *Treasury Minute July 2020* (CP 270)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 270), one recommendation had been implemented, and five recommendations remained work in progress, four of which have now been implemented, as set out below.

2: PAC conclusion: ***The Department's previous contracts have been poorly designed, which has left the taxpayer to shoulder the burden of cost increases while doing little to incentivise contractors to improve performance. The defence nuclear field is a monopoly environment and very few companies.***

2: PAC recommendation***: In the 2020 report to Parliament on the Dreadnought programme, the Department should update us on how it is taking full advantage of the Single Source Contract Regulations, making full use of target cost or firm price contracts, and ensuring that it effectively shares risk with site owners when negotiating commercial arrangements.***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The adoption of the Single Source Contract Regulations (SSCR) is business as usual across the Defence Nuclear Enterprise. The department is building upon the principles of SSCR to effectively use contractual controls to drive performance, sharing lessons learned prior to new contracts being placed. In the Defence Nuclear Organisation (DNO) examples include driving performance at the Atomic Weapons Establishment (AWE) and the placing of new Devonport infrastructure contracts.

2.3 An update on the department's progress was provided within *'The United Kingdom's future nuclear deterrent: the 2020 update to Parliament'*, published 17 December 2020.

3: PAC conclusion: ***The current funding regime does not work for the Nuclear Enterprise due to its uniquely long project timescales and given the impact on the stretched overall defence budget.***

3: PAC recommendation: ***Given its impact on the overall defence budget, the Department should make a case to the Treasury for ring-fencing the nuclear budget in the course of the discussions in 2020 for the current Integrated Review and the Spending Review.***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The Permanent Secretary *wrote to the Committee Chair* on 4 January 2021, detailing discussions held with HM Treasury to secure the necessary funding to maintain the Continuous at Sea Deterrent, and to make progress with the replacement warhead programme.

4: PAC conclusion***: The Department has belatedly learned through experience the importance of strong relationships between it, the nuclear regulators and the site owners.***

4: PAC recommendation: ***To secure performance improvements across infrastructure programmes, the Department must continue the commendable practice of admitting failures early and learning from its mistakes. We expect to see as standard more robust liaison arrangements between the Department, site owners and regulators, including the use of co-location of teams, consistent with practice in the civil sector to accelerate the process of reviewing and learning.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2021

4.2 To develop better approaches to designing infrastructure, senior-engagement forums have been created to discuss requirements and progress. In addition, a Deputy Director Enterprise Safety and Security Strategy role has been created and a team is being established to deliver a more strategic approach to safety and security across the Enterprise.

4.3 Building on progress to date, work is underway through the Enterprise Safety and Security team to understand the established regulatory interfaces across the Nuclear Enterprise and to identify further improvements to the strategic and working relationships with the regulator community. In addition, governance structures are being matured to enhance strategic understanding of risks across the Enterprise and enable prioritisation across the programme, directing resources where they are needed most.

5: PAC conclusion: ***It is unacceptable that the Department in other areas has repeated past mistakes and has failed to learn lessons from elsewhere.***

5: PAC recommendation: ***Given the specialist nature of this field, it is essential that the Department has in place effective arrangements to maintain corporate memory, and works with industry and other government departments to develop the skills needed to be able to take forward nuclear work in line with best practice. The Department should update us on the progress it is making in this regard in the 2020 report to Parliament on the Dreadnought programme.***

5.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

5.2 The creation of the Defence Nuclear Organisation (DNO) in 2016 and the Submarine Delivery Agency (SDA) in 2018 is ensuring that the department can focus properly on the Defence Nuclear Enterprise, strengthen capability, and develop stronger corporate memory.

5.3 Within the DNO, the skills strategy and the strategic workforce planning project aim to ensure that the department has the right people, with the right skills to deliver the Defence Nuclear Programme. In addition, workforce planning across the enterprise is also aligned to departmental ambitions.

5.4 An update on the department's progress was provided within *'The United Kingdom's future nuclear deterrent: the 2020 update to Parliament'*, published 17 December 2020.

6: PAC conclusion: ***Ultimately, the Department retains the risk associated with these programmes and must manage them itself, regardless of whether it owns the relevant sites or not.***

6: PAC recommendation: ***The Department must avoid writing contracts which purport to transfer risk to the private sector when in reality this is illusory. The Department must only write contracts which are explicit about where risks lie and how those risks will be monitored and managed by both the Department and the contractor. The Department should write to us by 31 December 2020 to provide a detailed assessment of whether the current ownership arrangements for nuclear regulated sites are in the best interests of the taxpayer and whether more could be done to exploit the intellectual property arising from developments on the sites in the national interest.***

6.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

6.2 The Permanent Secretary *wrote to the Committee on 17 December 2020*, to provide a detailed assessment of current ownership arrangements for nuclear regulated sites.

Third Report of Session 2019-21

Department for Transport

High Speed 2: Spring 2020 update

Introduction from the Committee

The High Speed Two programme aims to construct a new high-speed, high-capacity railway between London, Leeds and Manchester, via the West Midlands. This will join with the existing rail network to enable journeys to Liverpool, Newcastle, Edinburgh and Glasgow. With an original budget of £55.7 billion set in 2015, it is the Government's largest infrastructure programme by value. The Department for Transport (the Department) is the programme sponsor and High Speed Two Limited (HS2 Ltd) is its dedicated arm's-length body responsible for delivering the programme. The Department and HS2 Ltd are planning for partial Phase One services from Old Oak Common to Birmingham Curzon Street to start between 2029 and 2033, with full services from Euston starting between 2031 and 2036. HS2 Ltd estimates the full network to Leeds and Manchester will open between 2036 and 2040.

Following cost increases and schedule delays, the Government announced an independent review of the programme ('Oakervee Review') in August 2019. In February 2020, the Government published the outcome of the review and announced that Phase One of the programme would go ahead, combined with Phase 2a which connects Birmingham and Crewe. The Government also announced that it would publish an Integrated Rail Plan for the North and Midlands by the end of 2020 that would identify the best way to sequence investments and how to integrate Phase 2b of High Speed Two, Northern Powerhouse Rail and other rail investments.

Relevant reports

- NAO report: *High Speed Two: A progress update* – Session 2019-20 (HC 40)
- PAC report: *High Speed 2: Spring 2020 update* – Session 2019-21 (HC 84)
- *Treasury Minute July 2020* (CP 270)

Update to the Government response to the Committee

There were nine recommendations in this report. As of the last Treasury Minute (CP 270), four were implemented. The five remaining recommendations have now been implemented as set out below.

1: PAC conclusion: *The Department and HS2 Ltd's lack of transparency has undermined public confidence in the programme.*

1: PAC recommendation*: Within three months of this report, the Department must set out the form of its regular reporting to Parliament on High Speed Two. This must cover: how the Department will ensure a realistic appraisal of the programme's likelihood of delivering to budget and schedule is given at the reporting date; how it will keep Parliament informed of crucial milestones over the short to medium term to inform the timing of future scrutiny; and how it will report on the significant risks to successful delivery.*

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 In July 2020, Andrew Stephenson MP, Minister of State at the Department for Transport (the department or DfT) met with members of the Transport Select Committee and the Department of Transport (DfT) Permanent Secretary met with the Chair of the Committee, to discuss the Committee's report *High Speed 2: Spring 2020 update*. A letter to the Committee confirmed that Parliament will be kept informed via a written statement every six months, of HS2's progress against delivery for all phases, including on cost, schedule and risks. The first report was issued in Autumn 2020; the subsequent report was issued in March 2021.

2: PAC conclusion: ***The Department failed to provide Parliament with clear warning that the programme was going off-course and value for money was at risk.***

2: PAC recommendation*: The Department must publish the summaries of its Accounting Officer assessments for all projects and programmes in line with HM Treasury guidance, including those already made and future assessments on High Speed Two. If the programme is going off-course, there must be no delay in informing Parliament.*

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.2 This recommendation has been implemented; *Accounting Officer Assessments* have been published on GOV.UK since the publication of the department's initial response to this recommendation. The department will continue to publish its Accounting Officer Assessments going forward.

4: PAC conclusion: ***Several years into the programme, we are concerned by the huge uncertainty remaining with the design and delivery of Euston station.***

4: PAC recommendation*: The Department must write to the Committee within six months of this report setting out its plan for Euston, including how it will be delivered and how it will ensure effective working between all stakeholders.*

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department *wrote to the Committee in November 2020.* The letter set out an update on the department's plan for London Euston, including how it will be delivered and ensure effective working between all stakeholders.

5: PAC conclusion*: The Department and HS2 Ltd did not understand the consequences of changes made during scrutiny of Phase One legislation.*

5: PAC recommendation*: The Department and HS2 Ltd must write to the Committee within three months of this report to set out how they are learning lessons from the experience of the Phase One hybrid Bill process for Phase Two. This should include how they will ensure that Parliament is provided with sufficient cost information and time to enable effective scrutiny and decision making on current and future high-speed railway related legislation.*

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department *wrote to the Committee in September 2020*, setting out the lessons learnt from the Phase One hybrid Bill process for future phases of the High Speed Two Programme. Following on from Phase 2a, lessons continue to be learnt as DfT and HS2 Ltd work together towards deposit of the Phase 2b Western Leg Bill. There has been a drive in both organisations to retain corporate knowledge. Furthermore, the DfT Phase 2b Bill Team has undertaken a lessons learnt review, the outputs from which will be reported to DfT's Tier 2 Investment Board imminently. The report will be presented for approval alongside Terms of Reference for a DfT Tier 3 Board, with updated governance processes.

7: PAC conclusion: ***The Department did not convince us that it was making sufficient and meaningful changes to its management of infrastructure programmes.***

7: PAC recommendation***: The Department must write to the Committee within six months of this report providing a plan for how it will embed lessons learned from programme delivery more effectively in current and future major projects and programmes, including the recent learnings from High Speed Two.***

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 On 27 November 2020, the department *responded with a letter* to the Committee covering DfT's work to embed lessons learnt from project and programme delivery, and outlining how it has used DfT's Project Delivery Improvement Programme to implement the 24 Lessons from the "*Lessons from Transport for the Sponsorship of Major Projects*" report.

7.3 The department also noted its broader initiatives to improve how it learns lessons across DfT, by identifying, capturing, sharing and applying lessons, supported by its new DfT Lessons team, a key part of the department's central Portfolio and Project Delivery Directorate.

Fourth Report of Session 2019-21

Cabinet Office

EU Exit: Get Ready for Brexit Campaign

Introduction from the Committee

The Get Ready for Brexit campaign had a budget of £100 million and was launched on 1 September 2019. It was led by the Cabinet Office with support from civil servants from across government departments. The campaign aimed to ensure that everyone was prepared for the UK leaving the EU on 31 October 2019. The campaign comprised two main parts: an air campaign designed to raise awareness; and a ground campaign which aimed to provide tailored information to encourage specific groups, such as hauliers, to take action. Having cost £46 million, the campaign was stopped on 28 October when an extension to the UK's membership of the EU to 31 January 2020 was agreed. The UK and EU are now in a transition period while a new relationship, including a trade agreement, is negotiated. This transition period is due to end on 31 December 2020.

Relevant reports

- NAO report: *EU Exit: Get Ready for Brexit Campaign*– Session 2017-19 (HC 22)
- PAC report: *EU Exit: Get Ready for Brexit Campaign*– Session 2019-21 (HC 131)
- *Treasury Minute July 2020* (CP 270)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minute (CP 270), two recommendations have been implemented. and three recommendations remained work in progress, all of which are now implemented as set out below.

2: PAC conclusion*: The Cabinet Office may lack the capacity to successfully deliver campaign messages on preparations for the end of the transition period at the same time as delivering the major public health campaign on Covid-19*.

2: PAC recommendation*: The Cabinet Office should be actively reviewing its ability to deliver simultaneously two major public information campaigns and the ability of citizens to absorb the vital messages on each. As part of its Treasury Minute response, the Cabinet Office should set out what it has done, and is doing, to ensure it has capacity to deliver both campaigns simultaneously.*

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Cabinet Office constantly reviews its simultaneous delivery of two high-priority communication campaigns, UK Transition and COVID-19, and has done so throughout the last 12 months. To support central campaign delivery, Cabinet Office has utilised resources from other departments where communication activity has been paused or significantly reduced to support the cross-government response to COVID-19 and the end of the Transition Period.

2.3 The Transition Communication Centre has rapidly flexed Transition communication activity in response to key milestones or changes in the COVID-19 pandemic. For example, messages to the public on travel to Europe were paused ahead of the national lockdown in November 2020, recognising that citizens would not absorb guidance or take action whilst following the 'Stay at Home' message.

2.4 The Transition Communication Centre has also utilised the COVID-19 campaign to push urgent

UK Transition communication, using a closely aligned media planning and buying strategy to achieve cut-through of key messages.

2.5 Since campaign launch, Cabinet Office has hosted regular Director of Communications meetings to check resources across campaign teams, ensuring they have appropriate capacity and skills.

2.6 Lessons learned from the delivery of these two major national campaigns simultaneously will be incorporated into the cross-government Reshaping Government Communication Service programme. They will be used as a template for standardising the skills and expertise required by future teams, which focus on delivering thematic rather than departmental communication.

3: PAC conclusion: ***The Cabinet Office did not focus enough on what behaviour change it needed to deliver or how to measure it.***

3: PAC recommendation*: Well in advance of the end of the transition period the Cabinet Office should ensure it is clear about the actions that it is seeking from businesses and members of the public, the degree of impact required, and how it will measure that impact across all activity.*

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Following the National Audit Office recommendations on the 'Get Ready for Brexit' campaign, the Cabinet Office established a core set of metrics and methodology for measuring the impact of Transition communication prior to campaign launch. This methodology was based on behavioural science and experiences from the 'Get Ready for Brexit' campaign. The UK Transition Campaign has dedicated support from the Government Communication Service Behavioural Science Team. This support included a Theory of Change, which set out how behaviour change could be achieved through the Com-B model.

3.3 Since its launch, the Transition Communication Centre has commissioned independent research companies to undertake regular general public and business surveys tracking responses to the Transition campaign and the degree to which people and businesses were prepared for the end of the Transition Period (31 December 2020). The Transition Communication Centre is also using audience insights from regular polling and focus groups to review and improve campaign messages and creative assets. By 31 December, it was estimated the Transition campaign had reached 99.7% of UK adults. Polling showed more than half of all SMEs had taken action as a result of Transition communications.

3.4 The Transition campaign directs audiences to the latest Transition guidance on GOV.UK so the Cabinet Office is also monitoring departmental operational data and traffic to key pages on GOV.UK, where possible. By 31 December 2020, there had been an estimated 29.25 million total visits to all GOV.UK Transition content (estimated from tracked visits and scaled to account for GOV.UK cookie consent).

3.5 Information gathered on campaign impact and effectiveness is rigorously and continuously assessed through an independent external Assurance Panel, cross-departmental Finance and Performance Committee, and by Ministers.

3.6 The national public information campaign will build up to a spike of communication activity ahead of known milestones, such as phased import controls being introduced from 1 October 2021, and the deadline for applying to the EU Settlement Scheme on 30 June 2021. It will also promote targeted actions to the public on travel to the EU, which will likely peak as COVID-19 travel restrictions are eased. This includes checking and renewing passports, travel insurance, and ensuring the correct documentation for driving and pet travel before departure.

3.7 The Transition Communication Centre will continue using the campaign methodology outlined (general public and business surveys, focus groups, GOV.UK and operational data assessed through multiple independent cross-departmental and external groups) to ensure the impact and effectiveness of future communication.

4: PAC conclusion: The Cabinet Office did not focus sufficiently on what value it would derive from spending £100 million.

4: PAC recommendation*: The Cabinet Office should write to the Committee within three months of this report to provide clear and specific assurance that in future it will use the analysis of options in business cases to drive decision making and deliver better value for the taxpayer.*

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

4.2 A *letter from the Cabinet Office Permanent Secretary* was sent to the Chair of the Committee on 1 July 2020, responding to this recommendation.

Fifth Report of Session 2019-21

Department for Education

University technical colleges

Introduction from the Committee

University technical colleges (UTCs) are a type of free school in England, focused on teaching students who are mainly 14-19 years old. They provide technical courses and work-related learning, combined with academic studies, so that students receive a rounded education. In introducing UTCs in 2010, the Department for Education (DfE) aimed to improve technical education and thereby meet the needs of local employers and the economy.

UTCs are publicly funded state schools and are independent of local authorities. Each UTC is part of an academy trust, which is directly funded by, and accountable to, the Department, via the Education and Skills Funding Agency. Three-quarters of open UTCs began as single academy trusts, but a growing number of them are now joining multi-academy trusts. The Department supported the establishment of the first UTCs in 2010/11 and spent a total of £792 million on the UTC programme between 2010-11 and 2018-19, excluding the per-pupil funding which all schools receive. A charity, the Baker Dearing Educational Trust (the Trust) owns the UTC brand and issues licences to schools wishing to operate UTCs. The Trust received £893,000 from the Department to support the opening of UTCs and continues to receive an annual fee licence fee, which rose to £10,000 in 2019/20 for every UTC.

Relevant reports

- NAO report: *Investigation into university technical colleges* – Session 2019 (HC 101)
- PAC report: *University technical colleges* – Session 2019-21 (HC 87)
- *Treasury Minute July 2020* (CP 270)

Update to the Government response to the Committee

There were four recommendations in this report. As of the last Treasury Minute (CP 270), the four recommendations remained work in progress, all of which are now implemented, as set out below.

1: PAC conclusion*: UTCs have struggled to attract enough students and three-quarters are less than 60% full.*

1: PAC recommendation*: The Department should work with those UTCs that have higher occupancy levels to identify and share lessons and good practice for other UTCs that are struggling to attract students.*

1.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 The government is clear that strong university technical colleges (UTCs) have a valuable role to play in the delivery of technical education and in improving skills. Despite this, pupil recruitment has proved a significant challenge for many UTCs, due largely to their atypical age range and their specialist educational offer.

1.3 The Department for Education (the department) has been working with the Baker Dearing Educational Trust (BDT) on best practice in recruitment around the UTC programme. This has included discussions with the principals of UTCs with high occupancy rates to identify the things they have done that are key to their successful recruitment. Centrally important actions are to build strong partnerships with employers and to engage them directly in recruitment activities. This has helped prospective students to see the local and national career pathways open to them as a result of attending a UTC. UTCs also make use of their alumni, and strong destinations data, to promote the benefits of a UTC education to parents and prospective pupils.

1.4 BDT is supporting the UTC network in sharing the lessons from this best practice, to help in particular those UTCs that have struggled to attract students. For example, BDT has produced a UTC guide to student recruitment, which highlights the 15 success factors that have been shown to have a positive impact on attracting students in those UTCs that have been recruiting strongly.

2: PAC conclusion: ***The lack of students has meant the Department has been propping up the finances of UTCs for several years, and most of the extra funding will not be paid back.***

2: PAC recommendation***: The Department should set clear three-year financial targets for each UTC. At the end of the three-year period, it should be prepared to close UTCs that are not meeting those targets.***

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 The department is committed to working with UTCs to support good financial health and encourage robust governance.

2.3 Where the department has concerns about a UTC's financial viability, it has complemented its existing oversight and regulatory activity by setting specific targets that support financial recovery. The targets aim to strengthen the financial health of UTCs and set out a timescale outlining which actions must be met and what evidence is required. These targets will not cut across or delay work already under way with trusts to secure financial improvements, and the department will continue with planned and potential interventions. Where there are serious financial or other concerns, the department will act swiftly and robustly, rather than waiting for a three-year target period to end.

2.4 For those UTCs where the department does not have financial viability concerns, rather than set targets, we will remind UTCs of the existing requirements for good financial management and governance in the Academies Financial Handbook (AFH) and Funding Agreement (FA).

3: PAC conclusion: ***The Department has still not defined what success looks like for UTCs as distinct from other secondary schools.***

3: PAC recommendation***: The Department should, within three months, write to us to explain how it uses data on student destinations to track the performance of UTCs, and what steps it will take to better inform parents about how they can use these data to assess the benefits of a UTC education.***

3.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 The department uses destinations, together with other data, to monitor UTC performance, including tracking the number of students entering education, employment or apprenticeships after Key Stages 4 and 5. Most recent data shows that UTCs have higher levels of pupils entering apprenticeships, and at a higher level, than other schools. At Key Stage 5, the figure was 22%, more than double the national average.

3.3 Parents and pupils can view destinations information for each UTC on *Find and Compare Schools in England*, allowing them to compare how an institution is performing with local authority and national averages.

3.4 The government recognises that some measures published in the performance tables, such as Progress 8, are more appropriate for schools delivering a full Key Stage 3, rather than for UTCs. The department previously added a caveat statement to the performance tables for UTCs (and similar schools), highlighting that pupil destinations is a more important measure for these establishments. The department also added a caveat explaining that it is not appropriate to expect the same rates of English Baccalaureate (EBacc) entry from these schools, given their technical focus.

3.5 To further enable parents and students to make informed decisions about school choices, the department has made additional changes to the presentation of the performance tables for UTCs. This includes changing the order in which measures appear, so that destinations data comes first alongside attainment in English and Mathematics. It has also given greater prominence to the caveat statements for UTCs in relation to Progress 8 and entering EBacc.

4: PAC conclusion: We are concerned that the Department could not tell us what schools get in return for the £10,000 annual licence fee they pay to the Baker Dearing Educational Trust.

4: PAC recommendation*: The Department should work with UTCs to obtain the information necessary to gain assurance about the value schools are getting from the licence fee they pay to the Baker Dearing Educational Trust and write to us with its findings within three months.*

4.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 The department wrote to the accounting officers of all open UTCs to ask for details of the services they receive from the Baker Dearing Educational Trust (BDT) in return for the annual licence fee, and how they have assured themselves it represents good value for money.

4.3 All accounting officers were able to identify services offered by BDT and 94% highlighted the benefit gained from BDT's support networks. This therefore provided assurance to the department that for the most part UTCs were clear on the value they were getting for the services provided in return for the BDT licence fee. However, the level of detail provided by UTCs on services they receive varied, and a small number of UTCs were unable to reassure us that they have sufficient arrangements in place to assess the value for money of their licence payments. As a result, the department wrote to those accounting officers to remind them of their responsibilities in demonstrating value for money in all spending decisions.

4.4 The department acknowledges the support UTCs receive from BDT, and BDT is committed to ensuring that all UTCs fully and consistently understand the breadth of services available to them as a licence payer.

Sixth Report of Session 2019-21

HM Treasury

Excess Votes 2018-19

Introduction from the Committee

The Committee of Public Accounts scrutinises, on behalf of Parliament, the reasons individual departments exceeded their allocated resources, and reports to the House of Commons on whether it has any objection to the amounts needed to rectify the reported excesses.

In 2018–19 the Northern Ireland Office breached its Resource Departmental Expenditure Limit by £231,000 as a result of failing to recognise in time legal costs incurred but not yet billed. It also breached its Resource Annually Managed Expenditure Limit by £785,000. The second breach was the result of not realising in time that it had liabilities in respect of compensation for unlawful stop and searches, and not adequately providing for restructuring costs of the Chief Electoral Officer for Northern Ireland.

In 2018–19 the Department for Education breached its Resource Annually Managed Expenditure Limit by £311 million. The breach was a result of inaccurate forecasting assumptions it had made about the future rate of inflation, which meant its effective interest income turned out to be lower than it expected. Because student loans effective interest income is the major determinant of the Department’s Resource Annually Managed Expenditure Limit, the lower than anticipated income meant the spending limit was breached.

On the basis of the Committee’s examination of the reasons why these bodies exceeded their voted provisions, there is no objection to Parliament providing the necessary amounts by means of an Excess Vote.

Figure 1 shows the excesses incurred in 2018–19. Parliament is being asked to approve additional budget for the excesses reported in the table.

Figure 1: Summary of 2018-19 Excesses

Department	Resource DEL	Resource AME
	Excess / Amount to be voted £	Excess / Amount to be voted £
Northern Ireland Office	**231,000**	**785,000**
Department for Education	**-**	**311,077,000**

Relevant reports

- *Central Government supply estimates 2018-19 – Supplementary Estimates* (HC1966)
- *Northern Ireland Office Annual Report and Accounts 2018-19* (HC 52)
- Department for Education Consolidated Annual Report and Accounts (HC2388)
- *PAC report: Excess Votes 2018-19 - Session 2019-21* (HC 243)
- *Treasury Minute July 2020* (CP 270)
- Statement of Excesses 2019-20 and Late Statement of Excesses 2018-19

Update to the Government response to the Committee

There were two recommendations in this report. As of the last Treasury Minute (CP 270), both recommendations were in progress and have now been implemented. as set out below.

2: PAC conclusion: The Northern Ireland Office also breached its Resource Annually Managed Expenditure Limit by £785,000.

2: PAC recommendation*: Under the terms of the Standing Order of the House of Commons number 55(2)(d), we recommend that Parliament provides the additional resources by means of an Excess Vote, as set out in Figure 1.*

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.2 Following the publication of the 2018-19 excesses by the PAC, HM Treasury has laid the Statement of Excesses 2019-20 and the Late Statement of Excesses 2018-19. These excesses were included in the Supply and Appropriation (Anticipation and Adjustments) Act 2021 providing the additional resources by means of an Excess Vote. This received Royal Assent on 17 March 2021.

3. PAC conclusion: The Department for Education breached its Resource Annually Managed Expenditure Limit by £311,077,000.

3: PAC recommendation*: Under the terms of the Standing Order of the House of Commons number 55(2)(d), we recommend that Parliament provides the additional resources by means of an Excess Vote, as set out in Figure 1.*

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Following the publication of the 2018-19 excesses by the PAC, HM Treasury has laid the Statement of Excesses 2019-20 and the Late Statement of Excesses 2018-19. These excesses were included in the Supply and Appropriation (Anticipation and Adjustments) Act 2021 providing the additional resources by means of an Excess Vote. This received Royal Assent on 17 March 2021.

Seventh Report of Session 2019-21

Department for Digital, Culture, Media & Sport

Gambling regulation: problem gambling and protecting vulnerable people

Introduction from the Committee

Around half of adults in Britain gamble through, for example, betting on sports, going to casinos, and playing arcade or bingo games. In 2018–19, this resulted in commercial gambling companies in Great Britain yielding £11.3bn (that is, bets placed less winnings paid out), raising around £3bn in gambling duties. A significant and growing proportion of this revenue comes from online gambling. For some people, gambling can lead to serious harm, including mental health and relationship problems, debts that cannot be repaid, crime or suicide. There are an estimated 395,000 problem gamblers in Great Britain, with 1.8 million more gamblers 'at risk' who may also be experiencing harm.

The Gambling Commission (the Commission) regulates commercial gambling. It aims to ensure gambling is fair and safe and has a duty to protect children and vulnerable people from harm. The Commission is a non-departmental public body and is funded by licence fees from gambling operators, which totalled £19 million in 2018–19, or less than 0.2% of the £11.3 billion gambling yield that year. The Department for Digital, Culture, Media & Sport (the Department) is responsible for gambling policy and the overall regulatory framework. It can introduce legislative changes where necessary, sets licence fees and has an objective to ensure commercial gambling is socially responsible.

Relevant reports

- NAO report: *Gambling regulation: problem gambling and protecting vulnerable people* – Session 2017-19 (HC 101)
- PAC report: *Gambling regulation: problem gambling and protecting vulnerable people* – Session 2017-19 (HC 134)
- *Treasury Minutes, September 2020* (CP 291)

Update to the Government response to the Committee

There were eleven recommendations in this report. As of the last Treasury Minute (CP 291), one recommendation had been implemented. Of the remaining ten recommendations, six remain in progress and four have been implemented as set out below.

1: PAC conclusion: *Government has a poor understanding of gambling problems and the consequences for people and public services, and therefore of how to target its limited resources effectively.*

1: PAC recommendation*: The Department and Commission should write to us within three months and set out what actions they will take to ensure they have the research and evidence base needed to better understand gambling problems, and to design an effective regulatory response.*

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

1.2. The government is committed to building the evidence base on gambling harms and using it to inform regulation and legislation.

1.3 Public Health England has undertaken a major evidence review looking at the prevalence and impacts of gambling-related harms. Due to delays caused by COVID-19 pandemic, this is expected to be published in June 2021.

1.4 The Ministry for Housing, Communities and Local Government (the department) launched the Review of the Gambling Act 2005 on 8 December 2020 with the publication of a Call for Evidence. The Review will be wide-ranging and evidence led and aims to make sure that the regulation of gambling is fit for the digital age. The Call for Evidence was open for 16 weeks until 31 March 2021. As part of its broad scope, the Review will look at the effectiveness of the regulatory system, including the powers and resources of the Gambling Commission, as well as the barriers to high quality research to inform regulation and how these might be overcome. Gambling Commission advice on strengthening research to inform regulation will include the case for longitudinal assessments.

1.5 The Gambling Commission has consulted on an improved methodology for collecting evidence on participation in gambling and the prevalence of at-risk and problem gambling. A response will be published in Summer 2021 with a pilot of a new methodology launched this financial year. It is also piloting questions in quarterly surveys to understand experience of gambling related harms among gamblers and affected others. Three waves of research have been completed with a fourth due in June 2021. The process of validating the data and refining the questions is underway.

1.6 Research continues to be published as set out in the Commission's National Strategy to Reduce Gambling Harms. In March GambleAware published an interim report by Natcen and the University of Liverpool, Exploring Online Patterns of Play , which examines how people gamble online and the use of safer gambling tools.

1.7 Following a strategic assessment, the Gambling Commission has concluded that a data repository project should form part of a wider review of its data strategy. This wider review will start in late 2021.

2: PAC conclusion: ***The Commission's ability to identify problems and intervene is hindered by its lack of data and insight into the problems that consumers have with gambling operators.***

2b: PAC recommendation: ***The Commission should also explain how it will improve the data and intelligence it uses to identify what is going wrong for consumers and to enable it to intervene quickly, including taking advantage of any opportunities presented by big data.***

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

2.2 The government has consulted on an uplift to Gambling Commission fees to increase investment in its technology, skills and the expertise required to obtain, store and analyse data. The consultation closed on 26 March 2021 and a response will be published by Summer 2021.

2.3 The Gambling Commission has identified priority projects for investment in the second half of the current 2021-22 financial year, including specialist staff or consultancy support to scope a review of its data strategy and creation of a data roadmap. Costs in future years will be determined in due course.

2.4 The Commission continues to identify opportunities to maximise engagement with consumers. A permanent Lived Experience Advisory Panel was established in January 2021. By utilising consumer surveys to support consultation activity, the Commission has recorded large increases in the levels of consumer engagement on policy issues including Remote Game Design and Customer Interaction requirements.

3: PAC conclusion: ***The Commission is not proactive enough at influencing gambling operators to improve protections, and consistently lags behind the industry.***

3a: PAC recommendation***: The Commission should develop a plan for how it will be more proactive in influencing the industry to treat consumers better, including reputational tools such as league tables indicating how well each operator treats its customers.***

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2021
Original target implementation date: Spring 2021

3.2 The Gambling Commission has continued to exercise its regulatory powers to raise standards in the gambling industry. Its regular publication of casework outcomes and *compliance and enforcement reports* are designed to proactively influence the industry by highlighting common failings.

3.3 In exercising its powers, the Gambling Commission aims to change the behaviour of the operator or person who is the subject of its action, to deter future non-compliance by others and to eliminate any financial gain or benefit from non-compliance.

3.4 Alongside use of its formal powers, the Gambling Commission has undertaken an assessment of reputational tools that could help drive up standards. A key area of focus has been the publication of data to improve transparency and better inform consumer choice. This has included updating the public licence register to enable open access to a licensee's enforcement history. The Commission's Board reconvened in April 2021 to explore further opportunities to improve transparency and increase the information made available to consumers.

3b: PAC recommendation*: The Commission should urgently investigate the impact of fixed odds betting that falls under ''lottery'' legislation and is accessible by 16 and 17 year olds.*

3.5 The government agrees with the Committee's recommendation.

Recommendation implemented

3.6 The minimum age to buy and sell National Lottery products has been 16 since its launch in 1994. This reflects the lower risk of harm that lottery products have compared to commercial gambling, and was in line with society lotteries. The most recent combined Health Survey shows problem gambling rates of 1% for National Lottery draw-based games, 1.5% for other lotteries, and 1.8% for scratch cards.

3.7 The department *consulted* on the minimum age to play the National Lottery in 2019, as announced in the response to the last *Gambling Review* in 2018. The majority of *responses* supported an increase to the minimum age, which would bring the National Lottery in line with the majority of similar jurisdictions. The government also received emerging evidence which indicated a possible association between playing National Lottery games at the ages of 16 and 17 years and gambling-related harm.

3.8 On 8 December 2020, the government legislated to increase the minimum age to buy and sell National Lottery games to 18 years. The government is working closely with the current operator and the Gambling Commission to ensure a smooth implementation beginning in late April 2021, allowing for a transition period before October, the backstop date for the change set out in the legislation.

3.9 The government takes the view that consideration needs to be given to the whole lotteries sector and will consider the minimum age for society lotteries as part of the Gambling Act Review, noting that many society lotteries already limit sales to over 18 year olds only.

3c: PAC recommendation: The Commission and the Department should urgently look at online fixed odds betting to ensure effective and efficient regulation and report back to the Committee with how they intend to increase effectiveness of online harm reduction within three months.

3.10 The government agrees with the Committee's recommendation.

Recommendation implemented

3.11 The recommendation has been interpreted as relating to all online gambling, not specifically betting or fixed odds betting.

3.12 The government and Gambling Commission want online gambling to be safe and have continued to take decisive steps to strengthen consumer protection. Since the last update to the Committee, the

Commission has introduced new rules on High Value Customer schemes, announced new rules to limit the intensity of play in online slot games, and banned reverse withdrawals.

3.13 The Gambling Commission has also worked with industry to increase the use of technology to reduce the risk of harm from advertising. The latest edition of the Gambling Industry Code for Socially Responsible Advertising (referred to as the IGRG code) was issued in October 2020 and further reduces children, young people and vulnerable adults' exposure to gambling adverts online.

3.14 The government will continue to build on these changes through its Review of the Gambling Act 2005, which will look at whether the right protections are in place to protect people who gamble online. The department has have called for evidence on questions including the case for and against further controls on gambling products and gambling accounts, as well as the scope for existing protections to be improved.

3.15 A consultation and accompanying call for evidence on options to strengthen customer interaction requirements closed in February 2021. The Gambling Commission is assessing the evidence provided from approximately 13,000 responses received before deciding next steps.

4: PAC conclusion: ***Where gambling operators fail to act in a socially responsible way, consumers do not have the same rights of redress as other sectors***

4: PAC recommendation***: The Department and Commission should work together to assess the impact on consumers of gaps in redress arrangements and examine options for increasing statutory protections with an individual right of redress for breaches of the Social Responsibility Code of Practice. In their response to this Committee, they should explain how they intend to resolve these gaps and report back to the on a plan for more effective consumer protection and redress within 6 months.***

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: End of 2021
Original target implementation date: Summer 2021

4.2 The government agrees that work is needed to consider the current framework for consumer redress on issues that are non-contractual in nature. Questions on this subject were included in the Call for Evidence on the review of the Gambling Act 2005 which closed on 31 March. The department is currently considering the evidence submitted and aims to publish a white paper by the end of 2021.

5: PAC conclusion: ***The Department and Commission do not know what impact they are having on problem gambling, or what measures would demonstrate whether regulation is working.***

5a: PAC recommendation***: The Department and Commission should develop meaningful outcome measures for problem gambling and associated harms.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

5.2 The Gambling Commission tracks the rate of problem gambling and publishes this information regularly. Since the last update to the Committee it has consulted on improving the methodology used to collect prevalence of at-risk and problem gambling and plans to pilot a new methodology in the 2021-22 financial year.

5.3 To avoid a narrow focus on problem gambling prevalence the Commission is also piloting a new set of questions via its quarterly online omnibus survey to understand the public's experience of gambling related harms. Three waves of research have been completed with a fourth due in June 2021. The process of validating the data and refining the questions is underway.

5b: PAC recommendation*: The Commission should also urgently progress its impact evaluation processes, so it can clearly measure the effect of its interventions and report back to the Committee on what it is doing to both assess the impact and effectiveness of the penalties on incidents of problem gambling within three months.*

5.4 The government agrees with the Committee's recommendation

Recommendation implemented

5.5 The Gambling Commission published a new *Corporate Strategy* in April 2021 which includes a commitment to developing a framework to evaluate the impact of its work. The Commission will develop capacity to carry out internal evaluation as well as commission external work, depending on the scale of the project and available resources.

5.6 The Commission published the first *National Strategic Assessment* in November 2020 building on insight from the Commission's enforcement work, along with data and evidence, including advice from advisory groups – the Advisory Board for Safer Gambling, Digital Advisory Group and the Interim Experts by Experience Forum.

5.7 As part of its effort for continual improvement the Gambling Commission has instructed its internal auditors to assess how it captures, analyses and utilises data and intelligence to manage operator compliance. The Commission will consider the findings and recommendations of the audit and feed them into its data strategy review in the second half of the 2021-22 financial year.

5.8 The Commission is also building partnerships to gather evidence of what works. For example, as part of the research initiative with Gambling Research Exchange Ontario which has been funded by financial penalties on industry, an evaluation of the effect of the credit card ban in April 2020 on consumer behaviour will be commissioned. The Commission is also supporting a working group to plan an evaluation of the take-up, the impact and the interaction between gambling blocking software, self-exclusion and treatment through the *Talk-Ban-Stop initiative*. This work is to be conducted by IPSOS Mori, commissioned by the Talk-Ban-Stop group.

6: PAC conclusion: *The Commission's ability to protect consumers is constrained by limits imposed by the legal and regulatory framework.*

6a: PAC recommendation*: In its response to the Committee, the Department should set out a timetable for the planned review of the Gambling Act within three months.*

6.1 The government agrees with the Committee's recommendation

Recommendation implemented

6.2 The Gambling Act 2005 Review was launched on 8 December 2020, with a 16 week call for evidence. It covered six key themes;

- Online protections - players and products
- Advertising, sponsorship and branding
- The Gambling Commission's powers and resources
- Consumer redress
- Age limits and verification
- Land based gambling

The Call for Evidence closed on 31 March 2021 and the government is currently assessing the evidence presented, alongside other data, with the aim of setting out conclusions and any proposals for reform in a white paper later this year. The Review is evidence-led and seeks the right balance between respecting freedom of choice and preventing harm, with effective and proportionate protections.

6b: PAC recommendation*: The Department should also set out details on how it will ensure the Commission has the funding and the flexibility it needs to regulate effectively in a legal situation in which currently fewer, larger firms means less funding for regulation.*

6.3 The Government agrees with the Committee's recommendation

Target implementation date: Autumn 2021

6.4 The department is currently considering responses to its consultation on proposals for an uplift to Gambling Commission licence fees which closed on 25 March. The proposals are for changes to be brought in via secondary legislation under the current framework in the Gambling Act 2005, with the aim of allowing the Commission to continue to cover its costs and direct additional resource to address regulatory challenges. It is proposed that application fees and fee bands for online operators will be increased from 1 October 2021, with fee bands for land-based operators rising from April 2022. Fees were last changed in April 2017.

6.5 The Review of the Gambling Act 2005 will additionally consider whether more fundamental changes are needed to the way in which Gambling Commission is funded and the fees system.

Eighth Report of Session 2019–21

Department of Health and Social Care

NHS Capital Expenditure and Financial Management

Introduction from the Committee

The Department of Health & Social Care (the Department) has overall responsibility for healthcare services. It is accountable to Parliament for ensuring that its spending, as well as spending by NHS England and NHS Improvement (NHSE&I), other arm's-length bodies and local NHS bodies, is contained within the overall budget authorised by Parliament. The Department is also responsible for ensuring that those organisations perform effectively and have governance and controls in place to ensure they provide value for money. The Department also sets an annual NHS capital budget based on local spending trends and central initiatives and is responsible for ensuring that the capital limit is not exceeded. Most of the funding allocated to the Department is given to NHS England to plan and pay for NHS services. In 2018–19, this amounted to £113.6 billion, with most of this spent by 195 clinical commissioning groups (CCGs) which purchased services from 227 trusts.

In June 2018, the Prime Minister announced a long-term funding settlement for the NHS, which will see NHS England's budget rise by an extra £33.9 billion in cash terms by 2023–24. This equates to an average annual real-terms increase of 3.4%. In January 2019, NHSE&I published the NHS Long Term Plan (the Plan), setting out how it aims to achieve the range of priorities set by the government in return for the long-term funding settlement.

Relevant reports

- NAO report: *Review of capital expenditure in the NHS* – Session 2019-20 (HC 43)
- NAO report: *NHS financial management and sustainability* – Session 2019-20 (HC 44)
- PAC report: *NHS capital expenditure and financial management* – Session 2019-21 (HC 344)
- *Treasury Minutes, September 2020* (CP 291)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 291), two recommendations were implemented and four recommendations remained work in progress, as set out below.

2: PAC *conclusion: In addition, a lack of clarity persists on key areas of health and care spending that are likely to affect the NHS's ability to deliver the Plan, including capital, education and training and social care.*

2: PAC recommendation*: To ensure a sustainable NHS, the Department and NHSE&I should review how it directs its support to the most challenged parts of the NHS and how this will support a coherent plan to return to normal services and service improvements after the COVID-19 peak. This includes continuing to take on board our previous recommendations and the current ones in this report on improving financial and service sustainability across the NHS. The Department and NHSE&I should write to the PAC by December 2020 to update us on its progress in this regard.*

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2021
Original target implementation date: Spring 2021

2.2 An update on this recommendation was provided in the *letter to the Committee* dated 29 January 2021.

2.3 In 2020-21, the Department of Health and Social Care (the department or DHSC)) and NHS England and NHS Improvement (NHSE&I) have acted to simplify the financial architecture and free up NHS organisations to devote maximum operational effort to responding to the COVID-19 pandemic. In view of the continuing operational impact of the pandemic, the current arrangements will continue into the first part of 2021-22.

2.4 NHSE&I has published the *finance and contracting arrangements* for the first six months of 2021-22, alongside *operational planning guidance* that sets out the priorities for the year ahead. System funding envelopes have been set to include adjusted clinical commissioning group (CCG) allocations, system top-up and COVID-19 fixed allocation. Systems will also have access to additional growth funding for acute services through the Elective Recovery Fund and for non-acute services through respective financial commitments on mental health, primary medical and community services. The block payments approach for arrangements between NHS commissioners and NHS providers in England will remain in place during this period.

3: PAC conclusion: *Writing off the loans owed by struggling trusts does not solve the underlying problems facing these NHS bodies.*

3: PAC recommendation*: NHSE&I should set out a plan with a timetable of steps aimed at getting the 10 most financially distressed trusts back to financial balance and report back to the Committee on that plan by December 2020.*

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2021
Original target implementation date: December 2020

3.2 An update on this recommendation was provided in the *letter to the Committee* dated 29 January 2021.

3.3 NHSE&I remains committed to ensuring rigorous and disciplined financial management across all NHS organisations, including reducing the number of trusts and CCGs in deficit, as set out in the *NHS Long Term Plan*.

3.4 Though writing off debt outstanding from Interim Revenue Support was, of course, not sufficient to solve the problems facing struggling trusts it was an important step among others taken to establish a path back towards financial sustainability.

3.5 In 2019-20, NHSE&I also created a Financial Recovery Fund (FRF) that supported systems and organisations to make all NHS services sustainable. This reduced the number of trusts reporting a deficit in that year by half. NHSE&I will continue to develop plans for reducing the amount of sustainability funding received by systems over the coming years, based on multi-year recovery plans. These plans will be supported by the newly developed Recovery Support Programme (RSP), which is due to replace the previous Financial Special Measures (FSM) regime. The RSP will provide focused and integrated support, working in a co-ordinated way across the system, regional and national NHSE&I teams. The *NHS System Oversight Framework* describes the RSP in full and the criteria for moving organisations into it.

3.6 In December 2020, a review of all the organisations currently in FSM was undertaken with recommendations made for:

- three trusts to formally exit the regime with continued support provided from the regional team;
- seven to remain in FSM; and
- three to have scoping reviews to determine if they need to enter RSP.

In addition, plans for exit in the next twelve months have been developed for four trusts.

3.7 All organisations that remain in FSM (legacy) continue to receive regional support as well as intensive support from the national team. NHSE&I are currently agreeing a process to transition legacy FSM organisations into the RSP.

5: PAC conclusion: ***The NHS has still not published a capital funding strategy to support the NHS Long Term Plan.***

5: PAC recommendation***: The Department and NHSE&I should identify a capital strategy and provide clear guidance to local partnerships, that supports the NHS Long Term Plan, including expectations on how backlog maintenance costs will be addressed alongside competing priorities for digital investment and the Health Infrastructure Programme.***

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2021
Original target implementation date: Autumn 2020

5.2 An update on this recommendation was provided in the *letter to the Committee* dated 29 January 2021.

5.3 Health infrastructure is one of this government's top priorities. In September 2019, the department published the *Health Infrastructure Plan (HIP)* setting out a new, strategic approach to improving hospitals and health infrastructure. As highlighted by the National Audit Office's report *'Review of capital expenditure in the NHS'* (February 2020), the HIP offers an overview of the capital strategy which requires further development to ensure the department gets the most out of its capital investment. The COVID-19 pandemic has placed unprecedented burdens upon the NHS, highlighting the importance of its infrastructure and the need for a comprehensive investment strategy.

5.4 At Spending Review 2020, the department received a £9.4 billion capital settlement for 2021-22. This is alongside a multi-year commitment of £5.4 billion until 2024-25 for new hospitals and hospital upgrades. As *NHS Planning Guidance* outlines, system capital envelopes remain at £3.7 billion for 2021-22, with some additional funding on top of this core allocation in envelopes to address issues with reinforced autoclaved aerated concrete (RAAC) and support procurement of diagnostics equipment. The settlement will also enable large programmes outside of these envelopes, including community diagnostics hubs, mental health dormitory eradication and accident and emergency refurbishments. The department had intended to publish a comprehensive capital strategy in autumn 2020 following the outcome of Spending Review 2020 but reassessed the timeline when it was announced that most settlements would be single year.

5.5 The department will also continue to develop a detailed vision for public health and social care capital across its priorities and will work with HM Treasury to align priorities. The final strategy will be informed by the policy ambitions of government and thorough stakeholder engagement with NHSE&I and across health and social care. The strategy will provide clear guidance to local partnerships and include expectations for supporting the NHS Long Term Plan, managing backlog maintenance, digital investment and building new hospitals.

6: PAC conclusion: ***NHSE&I has yet to publish its long-awaited 'people plan' and there is a continued lack of long-term investment in people and training, which is not helped by the lack of alignment across the Department, NHSE&I and Health Education England.***

6: PAC recommendation***: The Department should review the effectiveness of having a separate body overseeing the planning and supply of the NHS's future workforce. NHSE&I should work with Health Education England to evaluate how workforce planning can be improved including the integration of training and education funding models with service planning and delivery in order to overcome persistent challenges. The Department, NHSE&I and Health Education England should write to the Committee by December 2020 to update us on progress in this regard.***

6.1 The Government agrees with the Committee's recommendation.

Revised target implementation date: Winter 2022
Original target implementation date: Spring 2021

6.2 An update on this recommendation was provided in the *letter to the Committee* dated 29 January 2021.

6.3 The government decided that Spending Review 2020 would be a single year settlement rather than a multi-year settlement. Spending Review 2020 provides Health Education England (HEE) with £260 million to continue to grow our NHS workforce and support commitments made in the NHS Long Term Plan. Full details on funding allocations towards NHS workforce budgets in 2021-22 will be subject to a detailed financial planning exercise and finalised in due course. The department will work with NHSE&I and HEE to consider how the NHS workforce can best be supported going forward and build on the NHS People Plan in 2021.

6.4 As outlined in the White Paper (*Integration and Innovation: working together to improve health and social care for all, CP 381*), the department is proposing to take a statutory duty to publish a document every five years describing the workforce planning and supply system at national, regional and local level to provide transparency over workforce planning responsibilities. In addition, to provide a greater link between service and workforce planning, the department is also proposing to remove Local Education and Training Boards from statute to provide HEE with the flexibility to adapt its regional operating model over time, which will support engagement across HEE and NHSE&I.

Ninth Report of Session 2019-2021

The Department for Environment, Food & Rural Affairs

Water supply and demand management

Introduction from the Committee

Overall responsibility for setting the policy and regulatory framework for water in England sits with the Department for Environment, Food & Rural Affairs (the Department), which oversees a complex delivery landscape of multiple regulators and privately-owned water companies. Ofwat regulates the services provided by water companies and sets them performance targets during its five-yearly price control process. The Environment Agency manages the water resource management process and must ensure water companies and other water abstractors abide by the terms of their environmental permits and licenses. These cover how much water they can take out of the environment and how they should handle and treat sewage.

Demand for water is about 14 billion litres per day in England and Wales. Due to rising demand and falling supply of water the Environment Agency now estimates that England will need an extra 3.6 billion litres per day by 2050 to avoid shortages. Water companies have a statutory requirement to set out every five years how they intend to balance supply and demand over the next 25 years through their water resource management plans.

Relevant Reports

- NAO report: *Water supply and demand management* – Session 2017-19 (HC 107)
- PAC report: *Water supply and demand management* – Session 2017-19 (HC 378)
- *Treasury Minutes, September 2020* (CP 291)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute (CP 291), the government disagreed with two recommendations, three recommendations have been implemented and two remaining recommendations have now been implemented as set out below.

3: PAC conclusion: ***Government has failed to develop a national message to consumers on the need to reduce water consumption and how to do so.***

3a: PAC recommendation: ***The Department should urgently develop a plan, with adequate funding, to increase public awareness of the need to save water. The Department should write to the Commission by 31 December 2020 to update us on progress in this regard.***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The Department for Environment, Food and Rural Affairs (the department) and the Environment Agency's *letter to the Committee dated 10 November 2020* explained its support for the Waterwise and the water industry's *"Water's worth saving"* campaign.

5: PAC conclusion: ***The Department has not demonstrated sufficient leadership to drive forward the implementation of product labelling, changes to building regulations and other measures that can make a major contribution to improving water efficiency.***

5: PAC recommendation: ***The Department should write to us within four months, setting out a timetable for when it expects to implement product labelling and any other changes, including to building regulations, designed to improve water efficiency.***

5.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

5.2 The government intends to lay a Written Statement in Parliament on the 2019 consultation on measures to reduce personal water use, which outlines the government’s plans to support consumers save water, by the end of Spring 2021.

Tenth Report of Session 2019-2021

Ministry of Defence

Defence capability and Equipment Plan

Introduction from the Committee

The Department's Equipment Plan report 2019 to 2029 (the Plan) sets out its spending plans for the next 10 years on projects to equip the Armed Forces. This currently amounts to £181 billion of equipment and support projects (42% of its entire budget). The Plan also assesses whether its equipment and support projects and programmes are affordable. The Department needs to manage this expenditure effectively to ensure the Armed Forces can secure and maintain all the equipment that they need. It introduced the Equipment Plan in 2012 after identifying a significant gap between funding and forecast costs across the defence programme.

Equipment delivered through the Plan is key to meeting the Department's strategic requirements and objectives. In order to fully deliver the capability, it also needs sufficient trained personnel, information technology, and logistics and maintenance support. The Department estimates that around 20,000 civilians and military personnel within the Department are involved in delivering such capabilities. The Department has historically struggled to deliver new or replacement capabilities on schedule and in a fully functioning state.

Relevant reports

- NAO report: *Defence Capabilities - delivering what was promised* Session 2019-21 (HC 106)
- NAO report: *The Equipment Plan 2019 to 2029* Session 2019-20 (HC 111)
- PAC report: *Defence capability and Equipment Plan* – Session 2017-21 (HC 247)
- *Treasury Minutes, September 2020* (CP 291)
- *Annual Report and Accounts (ARAc)* on 22 October 2020
- *Defence Equipment Plan 2020* 12 January 2021

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute (CP 291), the government disagreed with one recommendation and six recommendations remained in progress. Three recommendations are now implemented, and three recommendations remain work in progress as set out below.

1b: PAC recommendation*: The government's promised Integrated Review must balance ambitions for future military capabilities with an affordable long-term investment programme. Given the Review has been delayed, in the interim, the government should provide as much certainty as possible on as many defence programmes as possible.*

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: Winter 2020

1.2 The 2020 Spending Review settlement for defence, announced by the Prime Minister in November 2020, and the *Integrated Review* published in March 2021, will allow defence to move onto a sustainable footing and review defence's priorities and commitments. It will ensure that the department's budget matches ambition and addresses the financial pressure that has existed in the defence equipment budget. The Defence Secretary set out the details for defence on 22 March 2021 in the Command Paper *Defence in a Competitive Age*.

1.3 The defence of the UK will always be led by the threats the government must deter and defeat. The substantial settlement of over £24 billion gives the Ministry of Defence (the department or MOD) a crucial opportunity to adapt to contemporary and future conflict and balance Defence's programme and move to a sound financial footing. The new budget will address the shortfalls in funding that have affected MOD since 2015 and make those investments that have been added to the programme since 2015 affordable. It comes with some hard prioritisation decisions, but it gives the department the opportunity it has long sought to break the cycle of recent years, to modernise defence and set an affordable multi-year programme. This is an opportunity to reset defence's financial position and to break with the past and will ensure stringent financial management across the department. The department can balance its ambition with the financial reality, drive value and improved productivity and maintain a rigorous focus on living within its means to ensure it manages this generous settlement well and deliver value for taxpayer money.

1.4 In the next Equipment Plan report, due to be published in autumn 2021, the department will set out the implications of the 2020 Spending Review settlement and the Integrated Review and demonstrate how this has improved the affordability of the department's Equipment Plan.

2: PAC conclusion: ***The Department's focus on managing financial pressures on an annual basis creates bigger problems for future years as the budgetary imbalance grows, and slows the development of military capabilities.***

2: PAC recommendation*: In line with the Commission's recent recommendation on nuclear infrastructure programmes, we urge the Department and HM Treasury to consider greater flexibility to manage strategic programmes on a multi-year basis. Such an approach should be introduced cautiously, with the Department demonstrating why it should be trusted. Together they should report to the Commission by 31 December 2020 on the progress of discussions to this end.*

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The department provided *a written response to the Committee on 17 December 2020.*

2.3 The testing of a contingency fund for Dreadnought has proven successful and the long-term implementation of this model has been confirmed in the 2020 Spending Review. In the short term, there are no plans to extend the model further, but consideration will be given to the appropriateness of the model to other parts of the nuclear enterprise in due course.

2.4 In his *independent report*, Sir John Parker recommended that the Ministry of Defence should agree to "…*a set and assured capital budget for each new series of ships*". The rationale behind his proposal is that complex, long-term capital investments require budget stability in order to meet their time, cost, and performance requirements.

2.5 To address this recommendation, Navy Command operates a portfolio of surface ship procurements for Type 26, Type 31e, and the Fleet Solid Support shipping and future programmes with the full flexibility to manage these individual budgets to maintain stability across the portfolio.

2.6 Whilst there is a limited scope for flexibility in managing multi year programmes across financial years, the multi-year 2020 Spending Review settlement will enable the department to take a more informed approach to financial planning and the long-term affordability of the Equipment Programme.

3: PAC conclusion*: The Department's ways of working have not helped it to deliver capabilities effectively, and its ambitions for the reform of capability delivery will be undermined if it does not change an internal culture that focuses on milestones and cost constraints but appears not to prioritise progress towards delivery against those two measures.*

3: PAC recommendation*: The Department should decide how it is going to measure and demonstrate progress in transforming capability in a way that optimises delivery of results without undermining budgetary controls. It should report to the Committee on measures taken to combat poor practice in programme reporting and delivery by 31 December 2020.*

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department provided a *written response to the Committee* on 17 December 2020.

3.3 As outlined in the previous response, the department continues to progress the strands of work that support the Committee's recommendation: the Acquisition and Approvals Transformation Portfolio; Project Speed; expanding the defence related Major Projects on the government's Major Projects and Portfolio list; as well as implementing the Infrastructure and Projects Authority gateway review process. Crucially since the last update: the four-year defence settlement announced by the Prime Minister on 19 November 2020 represents the first pillar of the Integrated Review and gives the financial certainty needed to turn an ambitious modernisation programme into a reality.

4: PAC conclusion: ***The impact of COVID-19 will increase the widespread delays to deliveries of equipment and weaken the resilience of key suppliers.***

4: PAC recommendation: ***The defence and security industrial strategy offers the Department an opportunity to reset the relationship with its key suppliers. In return for commitments to support the defence industry as part of this strategy, it should set out its expectations of how the industry will improve its performance to address the endemic delivery and quality issues that afflict the sector. The Department should write to the Committee by 31 December 2020 on what steps it has taken to enhance contractor performance.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department provided a *written response to the Committee* on 17 December 2020.

4.3 The review of the *UK's defence and security industrial strategy* set out how the department will ensure the UK continues to have competitive, innovative and world-class defence and security industries that drive investment and prosperity across the Union. The strategy sets out a new, more sophisticated and broader relationship with industry, including how to contract with suppliers. The strategy is realistic about the state of the market and how to sustain the high-level skills, technology, capacity and industrial base to support defence and security policy. The strategy was published on 23 March 2021.

4.4 The Strategic Partnering Programme was introduced in 2018 to deliver greater value in engagement with the department's strategic suppliers. The programme is making significant progress and has incorporated 14 suppliers, supporting the delivery of operational, financial and strategic benefits. Delivery to date includes £11.2 million of cashable benefits and key operational benefits around the reduction of programme/platform risk. The programme has also helped drive collaborative behaviours with the department's strategic suppliers, improving transparency and visibility of supply chain resilience throughout COVID-19 and EU transition.

4.5 Through the Defence Prosperity Programme, the department is continuing to work with industry to ensure that UK defence supply chains are leading international competitiveness and productivity.

5: PAC conclusion: ***The Department is full of good intentions as to how it will transform capability delivery, but it is unclear how it will know if this has happened.***

5: PAC recommendation: The Department should set out clear metrics indicating what progress it expects to have made, and by when, against its objectives of improving the effectiveness of the reformed procurement process. It should report to the Committee on this by 31 December 2020.

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: December 2020

5.2 The department provided a *written response to the Committee* on 17 December 2020.

5.3 As part of the department's work on acquisition and approvals transformation, a challenging ambition has been set to reduce to the average time taken to deliver capability to the front line, by two years. The portfolio of work underway is designed to drive the increased pace and precision into acquisition delivery needed to achieve this. The department is closely focusing its efforts on setting up new programmes for success, from the outset. This will make a real difference. The scope for changing the course of programmes is already underway being more limited.

5.4 Building on work conducted in 2020, the department is developing a robust baseline that enables measurement of progress against this ambition. The department is also developing mechanisms to measure other benefits, both financial arising from the implementation of a pan-Defence Category Management approach and non-financial metrics relating to the cultural changes which underpin transformation activity.

6: PAC conclusion: ***The Department has not yet established a stable basis for assessing the Equipment Plan affordability gap or a realistic approach to delivering efficiency savings.***

6: PAC recommendation: ***The Department should write to the Committee as soon as possible setting out its approach—agreed with the NAO—for reporting on the Equipment Plan 2020–2030. It should also provide details of a stable methodology for assessing the affordability gap, and its plans for measuring efficiency savings realistically and improving financial capabilities as soon as possible. In due course, the Department should write to the Committee on the impact of the Integrated Review.***

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2021
Original target implementation date: October 2020

6.2 The department *wrote to the Chair of the Committee* on 3 July 2020 to confirm that it agreed with the National Audit Office that it will provide a summary of the Equipment Plan funding position for 2020-2030 and supporting data no later than October 2020. The *Defence Equipment Plan 2020* was subsequently published on 12 January 2021 following agreement from the Committee and the National Audit Office. In the light of the report, the department will continue to develop its method for considering Equipment Plan affordability.

6.3 The department is continuing to drive ambitious transformation plans, which include improving the capability of the finance function and acquisition system. The department presented a detailed progress update in the *Annual Report and Accounts (ARAc)* on 22 October 2020.

6.4 The department has already achieved £8.2 billion of efficiency savings for the next ten years. The department has embedded an improved approach to identify and develop efficiencies which will allow greater insight into the risks and maturity of efficiencies, including those within the Equipment Plan.

6.5 The department will write to the Committee on the impact of the Integrated Review following its publication in Spring 2021 and will reflect its forward programme in the next Equipment Programme publication in Autumn 2021.

Eleventh Report of Session 2019-21

Ministry of Housing, Communities and Local Government

Local Authority Investment in Commercial Property

Introduction from the Committee

Local authorities have a range of powers to acquire commercial property. In some instances, authorities also have powers to finance these investments through borrowing. This legal framework allows them to secure properties to support their regeneration, local growth and place-making activities. Local authority borrowing and investment takes place within the prudential framework, made up of powers and duties and a set of statutory codes and guidance to which authorities must have regard. New codes and guidance were published in December 2017 and February 2018, following our 2016 report, but they are clearly not being complied with by some local authorities. Local authorities have a high degree of autonomy within this framework and can set their borrowing at whatever level they decide is affordable. The codes and guidance seek to restrict borrowing purely for the purpose of profiting from investing the borrowed money. According to the Chartered Institute of Public Finance and Accountancy (CIPFA) borrowing purely to invest for yield has traditionally been presumed to be unlawful, unless undertaken by an arm's-length trading company. The Ministry of Housing, Communities & Local Government (the Department) has overall policy responsibility for the prudential framework alongside its wider responsibility for the overall local government finance system. This means the Department is ultimately responsible for ensuring the prudential framework is functioning as intended and understanding and monitoring the risks to local authorities' finances from their borrowing and investment activities. The integrity of the prudential framework, and the Department's role in ensuring the framework functions effectively, have become increasingly important as local authorities have responded to a sustained period of funding reductions by generating income through a variety of commercial investment models.

Relevant reports

- NAO report: *Local Authority Investment in Commercial Property* – Session 2019-20 (HC 45)
- PAC report: *Local Authority Investment in Commercial Property* – Session 2019-20 (HC 312)
- *Treasury Minutes, September 2020* (CP 291)

Update to the Government response to the Committee

There were nine recommendations in this report. As of the last Treasury Minute (CP 291), nine remained work in progress. Two of those recommendations have now been implemented and seven remain work in progress, as set out below.

1: PAC conclusion: ***The Department has been complacent while £7.6 billion of taxpayers' money (including the extra £1bn spent in the first half of 2019–20) has been poured into risky commercial property investments.***

1: PAC recommendation*: The Department must be more active in its oversight of the prudential framework and strike a better balance between supporting localism and ensuring that local authorities act within the frameworks that underpin local freedoms. To do this the Department should:*

- ***communicate publicly the types and scale of commercial activity, including new innovative types of commercial investment, where it has concerns that behaviour is not consistent with the spirit of the prudential framework;***
- ***publicly challenge behaviour where it has concerns; and***
- ***work with the LGA and other sector bodies to ensure that the Department's concerns are understood and communicated consistently across the sector.***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

1.2 The government continues to progress its capital strategy, intended to both strengthen the Prudential Framework and the department's role as steward of the system. The Secretary of State has made clear to the sector in his speech of 7 January 2021, that authorities should not take on excessive risk through commercial pursuits nor become over-reliant on commercial income.

1.3 The department has worked closely with HM Treasury on the implementation of the Public Works Loan Board (PWLB) reforms, which are designed to stop authorities borrowing and investing primarily for profit, and has reiterated the message that authorities should not borrow for profit alongside the implementation of the reforms. The Chartered Institute of Public Finance and Accountancy (CIPFA) is currently consulting on proposed changes to its Prudential Code, one of the four statutory codes that underpin the Framework, with a deadline of 12 April 2021; the department is working with CIPFA with the intention of setting clearer boundaries for authorities.

1.4 The department is demonstrating a robust, targeted approach to those authorities with significant issues. The Secretary of State commissioned non-statutory reviews for both Nottingham and Croydon councils following the publication of Public Interest Reports by their auditors, and subsequently appointed an independent Improvement and Assurance Board in both cases. For the small number of authorities which face significant financial issues and have indicated a need or approached government for exceptional financial support, commercial investment is not universally an issue. However, where the governance and management of that commercial investment has been a contributory factor, the government has provided support with the condition that the councils are subject to rigorous independent reviews that include the councils' commercial activity and investments.

1.5 The department is also taking forward actions to improve data and strengthen the capital regime alongside its responses to *the Redmond Review* (discussed further below). The department has carefully considered its options for direct intervention and will be engaging with stakeholders to refine these further in spring 2021.

3: PAC conclusion: Where a local authority uses prudential borrowing, it must set aside money each year to repay the debt.

3a: PAC recommendation: ***For its future oversight of the prudential framework the Department needs to develop, and rapidly deploy, interventions that target extreme risk taking. These should be used as part of a wider package of measures to limit non-compliance with the framework, regardless of scale.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

3.2 The government has started work to strengthen compliance with the Minimum Revenue Provision (MRP) duty and developed proposals which it will take forward. As part of the exceptional financial support process, the department has used the opportunity to mandate MRP treatment as a condition for those authorities seeking support and will continue to do so.

3.3 The government expects the reforms to the PWLB to serve as an effective mechanism to stop authorities borrowing to pursue profit, and to have sent a clear message to the sector. The department is also exploring very carefully the options for more direct intervention and is currently refining proposals as part of its wider strategy.

3.4 The department has made progress with its data review, designed to capture additional data on local government capital activity. Following the initial data collection, the next step will be to integrate the appropriate additional data as part of government's regular data collections. Alongside this, the department has a project in progress to define and set up a series of metrics, using both quantitative and qualitative data, to identify risks further in advance and allow earlier direct intercession with authorities. In future, where the department's improved monitoring detects a potential issue with a council's capital activity, it will engage with the council early to understand the risks, consider compliance with the Framework and take further action as appropriate.

3b: PAC recommendation: ***The Department should undertake a review of the MRP guidance and consider whether its statutory basis should be strengthened and how to require local authorities to improve the clarity and transparency in relation to commercial property purchases.***

3.5 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

3.6 As set out above, the department has developed proposals to strengthen compliance with the MRP duty and is taking these forward. As part of the exceptional financial support process, the department has used the opportunity to mandate MRP treatment as a condition of the support and will continue to do so. These build on the actions the department took to strengthen its Statutory Guidance on MRP, with effect from April 2019.

5: PAC conclusion***: Taken together these changes represent a significant 'hard' intervention and demonstrate that the 'soft' approach of guidance changes has failed.***

5: PAC recommendation: ***The Department should take steps to ensure that future interventions are more timely and effective, and subject to rigorous postimplementation review to ensure lessons are learnt.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2021

5.2 The department recognises the importance of timely intervention. Alongside the data review to build a more comprehensive understanding of local government capital activity and improve future data collection, the department's project to define and set up a series of metrics, using both quantitative and qualitative data, to identify risks further in advance will enable earlier direct intercession with authorities. This work aligns with the development of a range of interventions as part of the department's wider strategy, which will set out options for intercession where authorities are demonstrating excessive risk or non-compliance with the Framework.

5.3 The department has already demonstrated a robust approach to engaging with authorities where significant failings have been identified. Following the publication of Public Interest Reports by the auditors of Nottingham and Croydon councils, the Secretary of State commissioned non-statutory reviews of the councils. Following the conclusions of the reviews, the Secretary of State announced the appointment of an independent Improvement and Assurance Board in both cases, made up of experts in governance and finance, appointed by the department, to deliver the recommendations set out in the respective reviews. The department has not ruled out similar action for other councils in the future where appropriate.

5.4 For the small number of authorities that are facing significant financial issues, and have come to government for exceptional financial support, we have not seen commercial investment be an issue in all cases. However, for some councils, commercial investment activity has contributed to the financial problems. In these cases, while the government has met its commitment to supporting councils through the crisis by providing support through capitalisation directions, permitting capital funds to be used to relieve budget pressures, conditions have been attached to the support. These councils will be subject to rigorous independent reviews of their financial positions and their governance, including the councils' commercial activity and investments.

5.5 The department recognises the importance of proper evaluation and will undertake post-implementation reviews for Framework changes where appropriate. Through improvements to data and sector monitoring, the government will also monitor the sector as part of normal oversight to determine whether the capital strategy has been effective and to determine what further actions are needed.

6: PAC conclusion: ***The prudential framework has been impaired by the emergence of new forms of behavior in the sector, and now requires fundamental review.***

6: PAC recommendation: ***Working with CIPFA and sector stakeholder bodies, the Department should undertake a thorough review of the prudential framework, that addresses the issues we have identified. The Department should publicly report within the next 12 months. This review should incorporate the recommendations relating to challenging behaviour in the sector, designing effective interventions and improving the data held by the Department set out elsewhere in this report.***

6.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

6.2 The department agrees that sector activity has called into question whether the Prudential Framework remains fully fit for purpose. The department recognises the benefits of local decision making, but is clear that local authorities should not put tax payers' money at risk by taking on excessive debt or becoming overly reliant on commercial income, or by pursuing risky and novel commercial strategies for which they do not have the required skills and experience.

6.3 The department is taking forward measures to stop this type of activity, while striking the balance with allowing authorities to invest sensibly for service delivery, local regeneration and housing. The department has taken forward a number of activities:

- the department has carefully considered options for intervention and Framework reform and is currently refining the options for a range of interventions, including more targeted and preventative interventions, and to strengthen the Framework through legislation and guidance, including working with CIPFA as it updates its Prudential Code. The department will identify those authorities that are undertaking problematic capital activity and engage earlier, to better constrain risk while keeping the benefits of the prudential system.

- the department is currently undertaking its data review to ensure it has the data it needs to understand the trends and drivers of borrowing and investment in the sector, and the associated risks to financial sustainability. The department sent a voluntary survey out to the sector with a deadline for returns of the end of March 2021. That deadline has now passed, but the department intends to chase the sector to see if we can increase the number of returns received to date. This work will also provide an evidence base for further policy decisions. Better data is also needed for government to fully understand the capital system, to ensure future interventions are effective but do not have unintended consequences.

- the department has a programme considering capacity and capability in local government and is specifically working on options for a review of governance and decision making for capital investments, with a view to determining what guidance and/or training is required.

6.4 The department's intention is that the Prudential Framework will continue to allow local authorities to delivery capital strategies that best serve their communities, while ensuring that risk to the local government financial system remains within acceptable limits.

8: PAC recommendation: ***The Department should write to the Committee by September 2020 setting out its approach and timescale for improving its data on council commercial activity, and how this relates to its broader review of the prudential framework. The Department should also set out how it intends to use its improved data following the data reviews to strengthen framework compliance. The data review should address the concerns we have raised relating to data on new forms of commercial activity, and on the use of data to assess framework compliance.***

8.1 The government agrees with the Committee's recommendation.

Recommendation implemented

8.2 The department wrote to the Committee in October 2020 setting out its project for improving data on council capital activity, including commercial activity and how this supports the wider programme of work to strengthen the Framework. As set out in other recommendations, the data review is now in progress and a sector-wide survey designed to collect new information is with the sector, with a completion deadline of end-March 2021. In designing the survey, the department engaged with HM Treasury, CIPFA, NAO and the LGA, as well as sector representatives.

9: PAC conclusion: ***Changes to external audit might improve its ability to provide assurance related to local authority commercial investment activity but it will not be a silver bullet.***

9a: PAC recommendation*: As part of its review of the prudential framework, the Department should consider a wider package of changes, rather than relying primarily on (post-Redmond) external audit to address failings in the local governance of commercial investment activities.*

9.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

9.2 As set out previously, the department recognises the importance of external audit for transparency and accountability, and that auditors are important actors in ensuring proper local governance. The department agrees that changes to external audit would, in themselves, not resolve the issues raised by the Committee with respect to local authority commercial investment. The department's programme of work is set out in its responses to the other recommendations.

9b: PAC recommendation*: The Department should write to the Committee within three months of the publication of the Redmond Review setting out its response to the review, including not only how the Department intends to strengthen local audit but also how this will support improved governance of commercial investment activity.*

9.3 The government agrees with the Committee's recommendation.

Recommendation implemented

9.4 The department published its *response to the Redmond Review* on 17 December 2020, and is taking forward the recommendations. The department is working to ensure that the capital strategy and responses to the Review are aligned.

10: PAC conclusion: ***Local governance arrangements are not robust enough with some authorities' commercial investments not being properly transparent or subject to adequate scrutiny and challenge.***

10: PAC recommendation*: The Department should:*

- ***work with LGA to disseminate good practice about transparent and inclusive decision making;***
- ***following discussion with the sector, set clear expectations about the details required in capital strategies not only about planned investments but also previous investments including their performance against expectations, financing costs, the scale of contingency reserves, and their contribution to service budgets; and***
- ***work with relevant partners to support local arrangements for scrutiny and challenge of council investments.***

10.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

10.2 The department continues to take steps to improve the transparency and compliance, building on the improvements to its *Statutory Guidance on Local Government Investments* in 2018. The department is working with CIPFA on its update to the Prudential Code, currently out for consultation, which provides an opportunity to reinforce messages to the sector and provide greater clarity on what is and is not acceptable.

10.3 As set out in the department's initial response to the recommendation, the department intends to use the capital data review to collect evidence on local authority practices for managing, monitoring and reporting performance and risk, and how consistently the sector is complying with guidance. The department will then consider, with relevant partners, what further actions are needed.

10.4 The department is also progressing work to review the capacity and capability of governance and decision making for investments in local government.

Twelfth Report of Session 2019-21

HM Revenue & Customs and HM Treasury

Management of tax reliefs

Introduction from the Committee

Tax reliefs reduce the tax an individual or business owes. Many tax reliefs, such as the income tax personal allowance, are integral parts of the tax system and define the scope and structure of tax. The UK also had 362 tax reliefs at October 2019 where government opts not to collect taxes due in order to support social or economic objectives. Some of these tax reliefs reflect policy decisions to support a particular group or sector, such as the housing market. Others are designed to incentivise the behaviour of individuals or businesses by making a choice less costly, such as tax reliefs on pension contributions, or reliefs on research and development expenditure.

HMRC is responsible for estimating and reporting the cost of tax reliefs. It has reported estimates for 158 reliefs with economic and social objectives. These estimates indicate that the aggregate cost of these reliefs could be £159 billion a year. The additional tax that would be collected if these reliefs were removed is likely to be less than £159 billion as some taxpayers would respond by changing their behaviour and there may be wider economic impacts. The cost of the remaining 204 reliefs with economic and social objectives is not known.

HM Treasury and HMRC (the exchequer departments) work in partnership and oversee tax reliefs. HM Treasury leads on the design of tax reliefs and monitors their value for money and relevance. HMRC implements tax reliefs, monitors their use and cost, and evaluates them.

Relevant reports

- NAO report: *The management of tax expenditures* – Session 2019-20 (HC 46
- PAC report: *Management of tax reliefs* – Session 2019-21 (HC 379)
- Treasury Minutes: September 2020 (CP 291)

Update to the government response to the Committee

There were ten recommendations in this report. As of the last Treasury Minute (CP 291), the department disagreed with two recommendations and eight recommendations remained work in progress. Four of these are now implemented as set out below.

1: PAC conclusion*: The Committee are concerned that HMRC does not understand the impact of any of the largest tax reliefs, including reliefs on pensions which were forecast to cost £38 billion in 2018–19.*

1a: PAC recommendation*: HMRC should: within 3 months, establish and publish the criteria it will use to determine which reliefs to evaluate.*

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 Following the NAO's report on the management of tax expenditures, Her Majesty's Treasury (HMT) and Her Majesty's Revenue & Customs (HMRC) published a set of tax relief evaluation prioritisation criteria as part of the October 2020 tax relief statistics. These criteria are being used as the basis of a systematic evaluation programme of non-structural, behavioural tax reliefs. HMRC and HMT are expecting to publish results from these evaluations in late 2021.

2: PAC conclusion: ***HMRC and HM Treasury are insufficiently curious about the impact of some key tax reliefs on different groups.***

2a: PAC recommendation: ***HMRC should assess the groups and sectors benefiting from all significant reliefs and publicly report the results during 2021.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2021

2.2 HMRC recognises the importance of publishing more information to aid understanding of the use of tax reliefs. HMRC already publishes statistics about groups and sectors benefitting from some major tax reliefs, such as the sectors and regions of claimants of R&D tax credits, Patent Box and Employment Allowance. HMRC also publishes information on the number of claimants of Entrepreneurs' Relief (now Business Asset Relief) by claim size. The evidence from HMRC's statistics on Entrepreneurs' Relief and the evaluation of the relief published in 2017 helped inform the changes to the relief at Budget 2018 and Budget 2020.

2.3 By the end of 2021 HMRC will improve the accessibility of this information in its statistics and publicly report more information on the groups and sectors benefiting from the most significant non-structural reliefs where the data is available to do this. HMRC will not be able to assess the groups and sectors benefiting from all significant reliefs due to data limitations. For many reliefs, taxpayers do not need to indicate on their tax return that they are claiming them - for example, the VAT relief for construction of new dwellings. Where claims are required for reliefs, HMRC collects information required to administer the relief and therefore collects a limited amount of information about the characteristics of claimants. HMRC weighs the costs to taxpayers of providing data against the benefits of generating analysis. Where HMRC does not hold sufficient data on their use, the collection of further data on these reliefs and claimants would increase the administrative burden on taxpayers.

2b: PAC recommendation: ***For pension reliefs, HMRC should publish data showing who is benefiting, split by: income; groups with protected characteristics such as gender, age, ethnicity; people working in the public and private sectors; and people in defined contribution and defined benefit schemes.***

2.4 The Government agrees with the Committee's recommendation.

Target implementation date: December 2021

2.5 HMRC will publish data showing who is benefitting from pensions reliefs to the extent data is available. HMRC publishes *annual statistics* showing the total costs of pensions tax relief. Estimates are necessarily based on a combination of data sources, listed below and published in the document *Background and Methodology*:

a) contributions to occupational schemes from the ONS' Annual Survey of Hours and Earnings;

b) contributions to personal pensions taken from data provided to HMRC by pension providers;

c) pension scheme's investment income supplied by the ONS; and

d) administrative data held by HMRC on Real Time Information payments made by pension schemes.

2.6 HMRC publishes information on contributions to personal pensions based on data reported by *pension schemes* for administrative purposes. There is no additional statistical burden placed on pension providers to report employer contributions so tables showing contributions are not split by gender, age, country and region.

2.7 There is insufficient data available to produce statistics on all protected characteristics. Any disaggregation of the cost of pension tax relief is reliant on data reported to HMRC, data collected by third parties, and organisations such as the ONS.

2.8 Equalities impacts are considered throughout policy development and are published as part of this process, either as part of consultations or in Tax Impact and Information Notes.

3: PAC conclusion*: The exchequer departments are not transparent with Parliament on which tax reliefs need to change taxpayer behavior for government objectives to be achieved.*

3a: PAC recommendation*: HMRC should, within three months, publish a list of all new and existing reliefs with objectives that include changing behaviour and specify the objectives of each.*

3.1 The government agrees with the recommendation.

Target implementation date: Autumn 2021

3.2 HMT and HMRC are progressing with the work to collate the objectives of non-structural tax reliefs (many of which have been in place for a long time), identify which of these are designed to change behaviour and assess the most appropriate way to publish the information.

3b: PAC recommendation: *For any new or amended tax reliefs HM Treasury should identify in the Budget's supporting documents whether they are intended to change taxpayer behaviour and how the government will measure whether that objective has been met.*

3.3 The government agrees with the Committee's recommendation.

Recommendation implemented

3.4 The government is committed to continuing to improve transparency around tax reliefs and has ensured that the Tax Impact and Information Notes (TIINs) for new tax reliefs and changes to existing reliefs make clear where they are intended to change behaviour. As outlined in the *letter to the committee of 22 December 2020* this change was implemented at the earliest opportunity: Spring Budget 2021. See for example the TIIN on *capital allowances for Freeports*

3.5 The government will measure the impact of tax reliefs through monitoring and evaluation. Following its earlier commitments, the government established and published (in October 2020) the criteria it will use to determine which reliefs to evaluate. The government will be publishing more cost estimates on 20 May 2021.

4: PAC conclusion: *HMRC cannot explain why the cost of some tax reliefs is considerably greater than government forecasts presented to Parliament.*

4: PAC recommendation*: HMRC should, as part of its next annual statistical publication on tax reliefs due in October 2020, identify all significant cost variances within tax reliefs, and report the reasons for those variances, explaining whether variations in cost are proportionate to the impact of the relief.*

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 In the October 2020 tax relief statistics, HMRC expanded the scope of its existing commentary on the cost variance over time of high-priority non-structural reliefs. For the 34 largest non-structural reliefs, the statistics contained more commentary on the cost trends over time, identifying significant cost variances and reporting the reasons behind them.

4.3 Furthermore, in the October statistics HMRC published more information on initial forecast estimates. This focused on 13 non-structural reliefs introduced since the creation of Office of Budget Responsibility, including 4 reliefs costing over £500 million in 2019-20. For these reliefs HMRC provided links to the original forecasts in Budget documents and made comparisons with the current costs in absolute and percentage terms, adding explanations for significant variances between actual estimated cost and forecast. Going forward, HMRC will continue to include forecast information in its statistics; however, there may be cases where it is not feasible to make credible comparisons between forecast and outturn data, due to differences in time periods covered by the original forecasts and difficulties factoring in other complexities such as economic changes and wider policy changes. In cases where it is not feasible to develop an approach to compare outturns with forecasts for high priority non-structural tax reliefs, HMRC will clarify why this is not feasible.

5: PAC conclusion*: HMRC and HM Treasury do not publish sufficient information on the value for money of tax reliefs to enable Parliament to hold government to account.*

5a: PAC recommendation*: HMRC should ensure that the results of internal, as well as external, evaluations are published, and are easily accessible to Parliament and the public.*

5.1 The government agrees with the recommendation.

Target implementation date: December 2021

5.2 The government recognises the importance of transparency in providing information to inform the understanding of tax reliefs. HMRC includes links to external evaluations and research reports about tax reliefs in the annual statistics publications. HMRC will continue to publish externally commissioned evaluations and to include relevant internal evaluation findings in consultation documents.

5.3 HMRC's internal analysis takes a wide range of forms from comprehensive impact assessments to analysis in order to feed into policy advice to Ministers on specific options, proposals and decisions, which is necessarily confidential.

5.4 In 2021 HMRC will put in place a more structured programme of internal evaluation work including plans to start publishing this analysis in late 2021, subject to Ministerial approval. It will however remain the case that unpublished information included in policy advice for Ministers will be subject to the normal confidentiality arrangements for such advice and is protected by the exemption in section 35 of the Freedom of Information Act for information relating to the formulation or development of government policy.

6: PAC conclusion: *HMRC and HM Treasury are far too slow in identifying and responding to some of the most serious problems identified with reliefs, including cases of abuse.*

6: PAC recommendation*: HMRC and HM Treasury should, within 3 months, write to the Committee to explain how they will accelerate their response when reliefs are costing much more than expected, are subject to abuse, or are not achieving their objectives.*

6.1 The government agrees with this recommendation.

Recommendation implemented

6.2 The Accounting Officers for HM Treasury and HM Revenue and Customs *replied to the Committee* on 22 October 2020.

Thirteenth Report of Session 2019-21

Cabinet Office / Department of Health and Social Care / Department for Business, Energy and Industrial Strategy / Ministry of Housing, Communities and Local Government / HM Treasury

Whole of Government Response to COVID-19

Introduction from the Committee

The UK Government implemented an extensive range of measures in response to the COVID-19 pandemic. The final costs of the government's response are large and uncertain at this time and will depend on the continuing health and economic impacts of the pandemic. At the time we took evidence for this inquiry it was on the basis of the Comptroller and Auditor General's report in May, which set out that, between 31 January and 4 May 2020, the government made more than 500 announcements on its response to the pandemic, and had announced £124.3 billion of government programmes, initiatives and spending commitments. That £124.3 billion included: £6.6 billion for health and social care measures; £82.2 billion for financial support to businesses, including support for retaining jobs, loans and grants; £19.5 billion for individuals, including benefits and sick pay and support for vulnerable people; and £15.8 billion for other public services and the wider emergency response, including funding for local government services, education and children's services.

Relevant reports

- NAO report: *Overview of the UK government's response to the COVID-19 pandemic* Session 2019-21 (HC 366)
- PAC report: *Whole of Government Response to COVID-19* Session 2019-21 (HC 404)
- *Treasury Minutes, September 2020* (CP 291)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 291), three recommendations remained work in progress, one of which is now implemented as set out below.

2. PAC conclusion: ***We are astonished by the government's failure to consider in advance how it might deal with the economic impacts of a pandemic.***

2: PAC recommendation*: The Cabinet Office should review its contingency planning for the most serious risks and ensure that these consider whole-of-government impacts, including economic modelling. It should report back to the Committee on what action has been taken by September 2020.*

2.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2021
Or after the end of the COVID-19 pandemic, whichever is first.

2.2 The Cabinet Office Permanent Secretary *wrote to the Committee* on 1 September 2020.

2.3 Contingency planning across government operates under a framework of subsidiarity, with designated lead government departments for specific risks and impacts. A number of departments, including HM Treasury (HMT), Department for Business, Energy and Industrial Strategy (BEIS) and Cabinet Office have a role in monitoring emerging economic risks, and to ensure the public finances are resilient to those risks. The most significant national security risks are assessed in the National Security Risk

Assessment (NSRA) against a set of seven impact dimensions criteria; 'economic impacts' is one of these dimensions. Cabinet Office and departments routinely review the methodology and content of the NSRA and the current review will consider lessons learned from the COVID-19 response.

2.4 Throughout the COVID-19 pandemic, the government has consistently adapted its response as it has learnt more about the virus and how best to tackle it. Following on from the government's work on the *Integrated Review* (IR) and, as the government learns lessons from the COVID-19 response, it will be reviewing the UK's overall approach to risk management, readiness and contingency planning policies and processes.

2.5 The existing monitoring systems and economic impact plans enabled the government to understand the scale and nature of the challenge of COVID-19 to the economy as a whole and to act quickly. HM Treasury has announced unprecedented policy packages to keep as many people as possible in their existing jobs, support viable businesses to stay afloat and protect the incomes of the most vulnerable – including the Coronavirus Job Retention Scheme (CJRS) and Business Interruption Loan Schemes (CBILS). Balancing consideration of the economic and social implications of restrictions with the need to protect public health and make sure the NHS does not become overwhelmed is challenging, but the Government has been committed to a proportionate and flexible response.

2.6 The UK's preparation for, and response to, the end of the transition period was managed through a cross-cutting programme that assessed the risks and potential impacts across the whole of government, including the devolved administrations. This included a full consideration of the concurrent risks posed by the on-going response to COVID-19.

2.7 Additionally, the government is already reviewing the contingency planning approach. The IR, amongst other objectives, is comprehensively assessing the UK's strategic approach to improving UK resilience. This includes consideration of economic resilience to a wide range of malicious and non-malicious risks, and reviewing our capabilities to ensure it can anticipate, mitigate, respond to and recover from the economic impacts of events. The IR will draw upon the best available data on the UK risk and capability landscape, whether internal or external to the government, to inform its thinking and develop our ability to handle economic impacts in the future, irrespective of cause.

4: PAC conclusion: Effective coordination and command structures are critical for good decision making in any ongoing emergency.

4: PAC recommendation*: The Cabinet Office should review crisis command structures to ensure that longer-term decision making, as well as the immediate operational response, is properly informed and coordinated effectively across government. The Cabinet Office should update the Committee on the outcome of its review by 1 September 2020.*

4.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2021
Or after the end of the COVID19 pandemic, whichever is first

4.2 The government undertakes a lesson learned process following any civil emergency, and command, control and coordination arrangements evolve in response to those. The government has been clear that there will be opportunities in the future to look back, analyse and reflect on all aspects of this pandemic. The government is prioritising what it can do to provide the best possible response and the best possible next steps.

4.3 The Cabinet Office, however, continues to capture new insights from the COVID-19 pandemic and incorporate these into capability improvements within COBR alongside preparations for other risks that may occur concurrently to Covid-19, such as severe flooding or a terrorist attack.

6: PAC conclusion: The unit cost paid by the government for PPE and medical equipment is higher than it would have liked but it considers the purchase of this equipment value for money given the alternative of not having enough equipment.

6: PAC recommendation*: In line with our previous recommendation from our 2020 report on NHS capital expenditure and financial management, the Cabinet Office should review the lessons learned in relation to the government's procurement of PPE and how far it was able to deliver and distribute essential equipment to where it was needed in good time. The Cabinet Office should update the Committee on the outcome of its review by 1 September 2020.*

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The Cabinet Office Permanent Secretary *wrote to the Chair of the Committee* on 1 September 2020 to set out the department's response to this recommendation.

Fourteenth Report of Session 2019-21

Department for Health and Social Care

Readying the NHS and social care for the COVID-19 peak

Introduction from the Committee

In England, the Department of Health and Social Care (the Department) has overall responsibility for health and social care policy while NHS England and NHS Improvement (NHSE&I) leads the NHS, providing oversight and support for NHS trusts and foundation trusts. Local NHS trusts provide hospital, community and mental health services, alongside GPs, while local authorities assess care needs and commission social care and public health services. In March this year, NHSE&I was given temporary emergency powers to lead and organise all NHS services directly as it responded to COVID-19.

The Ministry of Housing, Communities & Local Government (the Ministry) has responsibility for the local government finance and accountability systems. Public Health England, working with local authorities and NHS partners, provides health protection services and public health advice, analysis and support to government and the public. This includes monitoring of, preparing for and responding to public health emergencies such as COVID-19.

Relevant reports

- NAO report: *Readying the NHS and adult social care in England for COVID-19* - Session 2019-21 (HC 367)
- PAC report*: Readying the NHS and social care for the COVID-19 peak* - Session 2019-21 (HC 405)
- *Treasury Minutes, November 2020* (CP 316)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute (CP 316), five recommendations have been implemented and two recommendations remained work in progress as set out below.

2: PAC conclusion*: Discharging patients from hospital into social care without first testing them for COVID-19 was an appalling error.*

2a: PAC recommendation: *The Department and NHS England and NHS Improvement should review which care homes received discharged patients and how many subsequently had outbreaks, and report back to us in writing by September 2020.*

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2021

2.2 Although the department agrees with the Committee's recommendation, it disagrees with the Committee's conclusion.

2.3 The department provided an update to the Chair on 7 October. NHS England and NHS Improvement wrote to the Committee on 30 October 2020.

2.4 The department will ask the SAGE Care Homes Working Group to keep the emerging evidence on discharge under review and will update the Committee as further evidence becomes available.

2.5 As set out in the *Adult Social Care Action Plan* on 15 April, and the *Adult Social Care Winter Plan* on 18 September 2020, all individuals are required to be tested prior to discharge from hospital to a care home and no provider should be forced to admit an existing or new resident if they are unable to cope with the impact of the person's COVID-19 illness safely. Local authorities remain responsible for providing alternative accommodation as appropriate in local systems and the costs of providing alternative accommodation are covered by the discharge funding provided via the NHS.

2.6 The response to recommendation 2b in Treasury Minute November 2020 outlined additional measures the department has implemented to ensure discharges are as safe as possible.

3: PAC conclusion: ***This pandemic has shown the tragic impact of delaying much needed social care reform, and instead treating the sector as the NHS's poor relation.***

3: PAC recommendation: ***After years of promises and false starts, we expect the Department to set out in writing to us by October 2020 what it will be doing, organisationally, legislatively and financially, and by when, to make sure the needs of social care are given as much weight as those of the NHS in future. We will be challenging them on this at future sessions.***

3.1 The government agrees with the Committee's recommendation.

Target Implementation date: Outstanding (date to be confirmed in due course)

3.2 The department provided an update to the Committee on 7 October 2020. The government's current priority for adult social care (and the focus point of the department) is that all recipients of care receive the support they need throughout the COVID-19 pandemic and the winter period ahead, placing equal focus on the NHS and care sectors.

3.3 The Adult Social Care Winter Plan sets out the actions the government will be taking at a national level; and actions that every local area and care provider must be taking to keep COVID-19 at bay.

3.4 The department is acutely aware of the long-term challenges to the social care system in England. Putting social care on a sustainable footing, where everyone is treated with dignity and respect, is one of the biggest challenges' society faces. There are complex questions to address, to which the department wants to give full consideration in light of current circumstances.

3.5 The department recognises the pressures on the care system are ever-increasing, hence the manifesto commitment to £1 billion extra of funding every year for more social care staff and better infrastructure, technology and facilities, to stabilise the system. The manifesto promised that no one will be forced to sell their home to pay for care and this remains a pressing issue, firmly at the heart of public debate on social care. In reforming the wider social care system, the department has an opportunity to resolve this long-standing unfairness.

3.6 The department is actively considering a range of proposals to bring forward a plan that addresses these challenges for the future and will update on progress following the forthcoming spending review.

Fifteenth Report of Session 2019–21

Ministry of Justice

Improving the prison estate

Introduction from the Committee

There are 117 prisons across England & Wales. HM Prison & Probation Service (HMPPS) is an executive agency of the Ministry of Justice (the Ministry). It is responsible for managing the prison estate in England and Wales and protecting the public from harm caused by offenders. It aims to rehabilitate offenders by ensuring that prisons are decent, safe and productive places to live and work. Against a backdrop of worsening living conditions for prisoners, HMPPS has changed the way in which it maintains prisons and launched a programme to improve the condition and suitability of prison accommodation. In 2015 it contracted Amey and Carillion to provide facilities management across the prison estate in an attempt to save £79 million. Following Carillion's collapse in January 2018, the Ministry established Gov Facility Services Limited (GFSL), a not-for-profit government company, to assume responsibility for its work. In 2016, HMPPS launched the Prison Estate Transformation Programme to address concerns about crowded and unsafe prison conditions and reconfigure the estate. The programme was expected to be part-funded by closing and disposing of old, unsuitable prisons, and aimed to save £80 million each year. The programme ran for almost three years before it was superseded by a government announcement in August 2019 committing to create a further 10,000 prison places, in addition to those expected to be built under the programme. HMPPS now aims to deliver the 10,000 new prison places, including 6,500 places by 2025–26 through four new prisons.

Relevant reports

- NAO report: *Improving the prison estate* - Session 2019-20 (HC 41)
- PAC report: *Improving the prison estate* - Session 2019-21 (HC 244)
- *Treasury Minutes, November 2020* (CP 316)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 316) the six recommendations remained work in progress, all of which are now implemented as set out below.,.

1: PAC conclusion*: The Prison Service has been operating hand to mouth, by reacting to immediate crises rather than developing a long-term strategy for the prison estate.*

1: PAC recommendation*: The Ministry should write to the Committee within three months of the 2020 Spending Review setting out a comprehensive long-term strategy for the prison estate. This should encompass the existing prison estate as well as forthcoming new builds and include:*
• sustainable plans and a timetable to eliminate overcrowding and maintenance backlogs;
• how its strategy is aligned with other strategies, including workforce and ICT;
• the steps it will take to manage demand for prison places; and
• its Plan B if it fails to secure a multi-year funding settlement from HM Treasury.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Ministry of Justice (the department) *wrote to the Committee*[2] in February 2021 to update them

[2] **updated response to the Public Accounts Committee's 15th report of session 2019-21: Improving the prison estate**

on the department's plans for prison building and the broad scope of the strategy including how it intends to cover issues such as maintenance and overcrowding. It then proposes to consult with the Committee and others in early 2021 before publishing a comprehensive strategy in summer 2021.

2: PAC conclusion*: We are disappointed that the Ministry places inadequate importance on the living conditions of female prisoners.*

2: PAC recommendation*: The Ministry should write to the Committee within three months explaining how it plans to improve conditions in women's prisons.*

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The department *wrote to the Committee* in February 2021 setting out how it plans to improve conditions in women's prisons.

3: PAC conclusion: *In 2015, the Ministry failed to protect taxpayers' interests through its naïve approach to the outsourcing of facilities management services.*

3: PAC recommendation*: On completion of its asset survey across prisons, the Ministry should write to the Committee explaining how it:*

• has applied learning from this exercise to improve facilities management services and inform future commercial decisions; and

• will ensure that it captures detailed asset records up front for new prison builds to avoid repeating past mistakes.

3.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 HM Prison & Probation Service's (HMPPS) Estate Asset Capture Survey Programme ended on 31 March 2021, having surveyed 110 public sector prisons. This exercise has identified and logged all mechanical and electrical maintainable assets, some 2.2 million in total, to provide a standardised national asset database. It has also developed a standardised national series of risk-based maintenance schedules for these assets, based on industry standards and customised as necessary to reflect the specific maintenance requirements for prison operation where these are more exacting.

3.3 This asset database has been uploaded to a refreshed 'Planet FM' Computer Aided Facilities Management (CAFM) system. This will enable HMPPS to manage performance and assure compliance of its assets to a higher standard that aligns with our Statutory & Mandatory Compliance standards, providing an excellent basis for improving the delivery of prison FM services, with suppliers contractually obliged to maintain assets and keep asset records up to date. The department is working with the FM service providers to put processes in place for adding new assets to Planet FM as minor works and major capital projects are completed, with further governance processes in place to ensure audits are carried out with regard to asset management.

3.4 This information will also support the development and delivery of the next generation of FM arrangements once current contracts expire, showing the true cost of maintaining all assets within our estate.

3.5 For new prison builds, the Ministry is implementing the 'Government Soft Landing' approach to ensure a smooth hand-over from construction to operation. This mandates effective capture of asset data for each new prison and transfer to the relevant CAFM systems as a key task prior to hand-over.

4: PAC conclusion*: We are not convinced that the Ministry's plans to create more capacity will allow it to match the expected increase in the prison population whilst keeping prisoners safe under its care.*

4: PAC recommendation*: The Ministry should write to us in six months to explain how its plans to create the right type of capacity within the prison estate will be resilient to rising demand and further potential shocks from Covid-19, and create sufficient headroom to allow it to address the maintenance backlog. It should set out:*
• How it expects the prison population to change in the coming years (including the impact of the court system returning to full capacity);
• The headroom it will need to manage further Covid-19 pressures;
• When new prison places will become available; and
• How it plans to use temporary accommodation (including how long this will be used).

4.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 Population levels have fallen by 6,000 since mid-March 2020 due to the impact of COVID-19 on the CJS. However, it is expected an increase in the overall population over the medium and long-term, with it *set to reach 98,700 by September 2026*. Projections show this is largely a result of the recruitment of an extra 20,000 police officers.

4.3 To manage the COVID-19 pandemic the department:

- reduced the useable operational capacity by 3,000; implemented compartmentalisation across the estate;
- introduced around 1,180 temporary cells (to support short-term prison population pressures, and is considering the ongoing use of this type of accommodation over the next five years); and
- initiated its testing and vaccination programme.

4.4 In March 2020, Public Health England predicted up to 78,000 infections and 2,700 prisoner deaths. HMPPS has seen much lower than anticipated loss of life. At the end of January 2021, there had been approximately 10,000 infections and 100 deaths. With these measures continuing to be in place, there is confidence the impact of the pandemic in prisons can be effectively managed.

4.5 As announced at the Spending Review 2020, more than £4 billion capital funding will deliver 18,000 additional prison places across England and Wales by the mid-2020s. This includes funding *announced by the Prime Minister* on 30 June 2020 for 1,000 prison places delivered through temporary accommodation to support short-term prison population pressures, maintenance and refurbishment projects. £315 million in capital funding has been secured this year to improve the existing estate.

5: PAC conclusion: *The Ministry's efforts to reduce the £18.1 billion cost of reoffending are being put at risk by the absence of a cross-government strategy.*

5: PAC recommendation: As we have previously recommended, the Ministry should publish a cross-government reducing reoffending strategy within three months. This should:
• set out roles and responsibilities, clear targets supported by activities and how it will measure whether the strategy is working; and
• explain how its long-term strategy for the prison estate will contribute to reducing reoffending.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department *wrote to the Committee* in February 2021 setting out the basis of the government's strategy to reduce reoffending. *Minister Frazer wrote to the Committee* in January 2021 with further details on new investment to reduce crime and improve public safety by tackling key drivers of reoffending.

6: PAC conclusion: ***The Ministry is still reeling from the long-term consequences of its unrealistic 2015 Spending Review settlement and bears the financial and human cost of sustained underinvestment.***

6: PAC recommendation*: The Ministry should write to the Committee within three months setting out how it has incorporated lessons from the 2015 Spending Review in its preparations for the 2020 Spending Review. This should include demonstrating that it has robust contingency plans should it fail to secure the funding commitments it hopes for.*

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department wrote to the Committee in February 2021 setting out lessons learned from the 2015 Spending Review, how it had incorporated them into the 2020 Spending Review and how it planned to continue to build on its learning during the preparation for Spending Review 2021.

Sixteenth Report of Session 2019-21

Ministry of Housing Communities and Local Government

Progress in remediating dangerous cladding

Introduction from the Committee

In the wake of the Grenfell Tower disaster on 14 June 2017, the Ministry of Housing, Communities & Local Government (the Department) established the Building Safety Programme "to ensure that residents of high-rise residential buildings are safe, and feel safe from the risk of fire, now and in the future". The Department immediately began to identify all other high-rise buildings in England with cladding of a similar style to that used on Grenfell Tower (unsafe aluminium composite material, or ACM). Since then, it has identified 455 buildings with unsafe ACM cladding. In May 2018 the Department announced £400 million to fund remediation work for high-rise residential buildings in the social sector with unsafe ACM cladding, followed by an additional £200 million for similar buildings in the private sector. From this £600 million, the Department expects to fund the removal and replacement of unsafe cladding from 232 (of 455) high-rise buildings. It expects building owners to fund the remainder. In March 2020, following additional fire tests, the Department announced a further £1 billion for the removal and replacement of other forms of unsafe cladding; it estimates there are around 1,700 buildings that lie within this scope.

Relevant reports

- NAO report: *Investigation into remediating dangerous cladding on high-rise buildings* – Session 2017-19 (HC 370)
- PAC report: *Progress in remediating dangerous cladding* – Session 2017-19 (HC 406)
- *Treasury Minutes, November 2020* (CP 316)

Update to the Government response to the Committee

There were eight recommendations in this report. As of the last Treasury Minute (CP 316), the government disagreed with two recommendations and six recommendations remained work in progress. Four of these recommendations have now been implemented and two remain work in progress, as set out below.

1: PAC conclusion*: It is unacceptable that, three years on, Grenfell-style cladding remains on hundreds of residential buildings.*

1a: PAC recommendation*: The Department should, within six months:*
a) be working with the new Building Safety Regulator, begin vigorous enforcement action against any building owners whose remediation projects are not on track to complete by the end of 2021;

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2021

1.2 Whilst the Building Safety Regulator has been established in shadow form within the Health and Safety Executive (HSE), it does not yet have enforcement powers which are subject to the Building Safety Bill gaining Royal Assent. Nonetheless, the HSE is developing an enforcement management model for its building functions, working with local authorities and fire and rescue services, and modelled on its existing health and safety role.

1.3 The Ministry for Housing, Communities and Local Government (the department) continues to be supportive of existing regulators using enforcement action whenever appropriate to ensure that building owners remediate. This includes support from the Joint Inspection Team, which provides expert advice and support to local authorities and fire and rescue authorities taking enforcement action on buildings with unsafe aluminium composite material (ACM) cladding. As at the end of February 2021, enforcement action had been or was being taken against at least 59 buildings. This includes 20 buildings with Joint Inspection Team support. Additionally, the department continues to update and publish a list of corporate entities responsible for the remediation of unsafe ACM cladding, where remediation works have not started on at least one of their buildings.

1.4 Due to the actions of the department, at the end of February 2021, 91% of all identified high-rise residential and publicly owned buildings in England (422 buildings) had either completed or started remediation work to remove and replace unsafe ACM cladding. By the end of 2021, it is currently estimated that 85% of identified buildings will have completed remediation. This estimate is based on information provided by building owners and agents and is expected to change as further information is received. The department continues to engage with building owners to start remediation works on site and to complete them as soon as possible and will continue to support local authorities and fire and rescue services in the use of their enforcement powers.

1b: PAC recommendation*: The Department should, within six months*:

b) begin publishing monthly updates of projected completion dates for all remaining high-rise buildings with ACM cladding, to increase transparency of progress without identifying individual buildings.

1.5 The government agrees with the Committee's recommendation.

Recommendation implemented

1.6 On 24 February 2021 the department *wrote to the Committee* confirming that this recommendation had been implemented. The department will continue to publish monthly updates of projected completion dates for all remaining high-rise buildings with ACM cladding in support of transparency of progress.

2: PAC conclusion: *The department is not fully funding the replacement of forms of dangerous cladding which are different from that used on Grenfell Tower, nor is it prioritizing spending according to greatest risk or need.*

2b: PAC recommendation*: The Department should, within three months:*

b) write to us, outlining its assessment of the risks to public money of committing all £1 billion of the Building Safety Fund by the end of March 2021, and how it will monitor and mitigate these risks.

2.1 The government agrees with the Committee's recommendation

Recommendation implemented

2.2 On 22 December 2020, the department *issued a letter to the Chair of the Committee* outlining the department's assessment of the risks to public money of committing the full £1 billion of the Building Safety Fund, and how the department would monitor and mitigate these risks. Subsequent to this, on 17 December 2020, the department announced that the closing date for the £1bn Building Safety Fund had been extended to 30 June 2021. This will enable the funds to be fully allocated towards remediation of dangerous cladding. The department is satisfied that it will be able to administer the funding in a way that manages risk to public money in a satisfactory way. This recommendation has therefore been implemented.

2.3 The Committee will be aware that on 10 February 2021 the Secretary of State for Housing announced a five-point plan which includes a new multi-billion-pound intervention for the removal of unsafe cladding on buildings of 18 metres and above. This is in addition to the £1.6 billion already committed. Further, the government has announced a generous financing scheme which will allow buildings of 11-18 metres in height to access finance for remediation of unsafe cladding, whilst ensuring that leaseholders pay no more than £50 per month towards this. To ensure that industry and the largest property developers contribute to help pay for cladding remediation costs, a 'Gateway 2' developer levy will be introduced as well as a new tax for the UK residential property development sector. The department will provide further details on the new schemes as soon as possible.

4: PAC conclusion: ***Residents of buildings with unsafe cladding face huge financial burdens, with little say in the process.***

4: PAC recommendation***: The Department should write to us within three months, setting out what specific steps it will take to provide greater transparency for residents throughout the application and remediation process, and how it will ensure that building owners meet a standard of service in communication with residents.***

4.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 On 22 December 2020, the department wrote *to the Chair of the Committee* setting out the specific steps it is taking to provide greater transparency for residents throughout the remediation process, and how it is ensuring that building owners communicate in a satisfactory manner with their residents. Consequently, the department views that this recommendation has been implemented

5: PAC conclusion: ***The Department has not done enough to address spiraling insurance costs and 'nil' mortgage valuations.***

5: PAC recommendation: ***The Department should ensure that cross-sector work to resolve issues with the External Wall Fire Review process progress at pace. As part of this cross-sector work, the Department must ensure that professionals can acquire indemnity insurance, and leaseholders are not facing escalating insurance premiums. The Department should write to us within three months setting out its assurance that these processes are operating effectively.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: May 2021

5.2 On 22 December 2020, the department *issued a letter to the Chair of the Committee* setting out the department's assurances that cross-sector work to resolve issues with the External Wall Fire Review process and the ability of professionals to acquire indemnity insurance was ongoing, and the department continues to drive this work.

5.3 The announcement by the Secretary of State on 10 February 2021 outlining the department's five-point plan to bring an end to unsafe cladding, re-stated our commitment to working with industry to reduce the demand for external wall survey (EWS1) forms and ensure professionals are competent and have the cover needed to complete EWS1 forms.

5.4 In November 2020, the department announced nearly £700,000 to train up to 2,000 more assessors, which should speed up the valuation process for homeowners in cases where an EWS1 form is required. This training commenced in January 2021.

5.5 In addition the government, working closely with industry is developing a targeted, state backed indemnity scheme for qualified professionals unable to obtain professional indemnity insurance for the completion of EWS1 forms.

5.6 The Royal Institution of Chartered Surveyors (RICS) has consulted on new guidance for the External Fire Review Process and published this on 8 March 2021. The guidance will allow a proportionate approach to be taken by valuers on the RICS' EWS1 form, and to ensure that the EWS1 process is only requested when absolutely necessary. The Secretary of State has welcomed the publication of this guidance.

5.7 The measures outlined in the department's letter of 22 December 2020, and these further steps, continue to emphasise the government's commitment to protecting leaseholders from facing delays and enabling hundreds of thousands of homes to be sold, bought or re-mortgaged once again.

5.8 Addressing the escalating buildings insurance premiums in some blocks where safety issues have been identified remains a priority. The new cladding remediation funding announced in February 2021, in addition to the Waking Watch fund should go some way to providing assurance that safety issues will be addressed at pace, but government will continue working with industry to ensure buildings premiums return to affordable levels.

6: PAC conclusion: ***There is a shortage of specialist skills to support the remediation of buildings with unsafe cladding.***

6: PAC recommendation*: The Department should, within the next three months assess the capacity of specialist fire safety skills within the sector and set out what the impact is on delivery of its timetables for the removal and replacement of unsafe cladding. It should include in this assessment options to tackle the skills shortage so that this does not become a barrier to remediation work continuing at pace.*

6.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

6.2 On 22 December 2020, the department *issued a letter to the Chair of the Committee* outlining its ongoing assessment process for the capacity of specialist fire safety skills within the sector, and the work to mitigate any potential impacts on delivery timetables for the removal and replacement of unsafe cladding. Consequently, the department views that this recommendation has been implemented.

Seventeenth Report of Session 2019-21

Home Office

Immigration Enforcement

Introduction from the Committee

The Home Office (the Department) is responsible for preventing abuse of immigration rules, tracking those who abuse immigration rules and increasing compliance with immigration law. Immigration Enforcement is the directorate within the Department responsible for preventing abuse of the immigration system, dealing with the threats associated with immigration offending and encouraging and enforcing the departure of immigration offenders and foreign national offenders from the UK. The Directorate's vision is "to reduce the size of the illegal population and the harm it causes". It employs about 5,000 staff and received approximately £392 million in 2019–20. It has faced an 11% real-terms reduction in its resource budget since 2015–16.

Relevant reports

- NAO report: *Immigration Enforcement* – Session 2019-21 (HC 110)
- PAC report: *Immigration Enforcement* – Session 2019-21 (HC 407)
- *Treasury Minutes, November 2020* (CP 316)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 316), the department disagreed with one recommendation and five recommendations remained work in progress, of which two have now been implemented as set out below.

1: PAC conclusion: *Despite years of public debate and interest in immigration, the Department still does not know the size of the illegal population or have a clear grasp of the harm the illegal population causes.*

1: PAC recommendation*: The Department should undertake work to improve its understanding of the illegal population in the UK. This should include analysis by age, length of time in the UK, and whether they originally entered the UK legally or illegally. It should also produce clear definitions of harm, and a means to record the level of harm caused by the illegal population. The Department should write to us within three months of this report to set out us what steps it is taking to increase its understanding, including how it is working with other government departments, academics and other interested groups to establish what might be possible.*

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2022

1.2 The Home Office (the department) has a significant programme of work under way to enhance its understanding of the illegal population within the UK. This includes the development of a database that brings together the detailed records of every visa overstayer, failed asylum seeker and Foreign National Offender (FNO) in the UK including the level of harm and/or vulnerability they present. Taken together with wider transformation of its immigration enforcement capabilities this will give the department more insight, and therefore strengthen its operational effectiveness, in tackling illegal migration and the harm it causes. There are plans to integrate the database with the department's new immigration case working system, allowing a more person-centric view and enhanced data quality.

1.3 A key method that the department is also using to determine the level of harm caused by illegal migration is to assess the economic harm caused to the UK by their presence, in terms of the cost of labour displacement, the unlawful use of public services and enforcement activity. This economic assessment is at an advanced stage and the department is working towards publication later this year.

1.4 The department has initiated a joint programme of work with the Office for National Statistics (ONS) to explore new possibilities around cross-government data-matching. Whilst the events of 2020 have meant that both the department and ONS have had to prioritise other issues, bilateral discussions have now taken place. The department aims to conclude the work in early 2022 and use its insights to drive an enhanced understanding of the illegal population.

2: PAC conclusion: ***The Department relies upon a disturbingly weak evidence base to assess the impact of its immigration enforcement activity.***

2: PAC recommendation: ***Within six months of this report, the Department should put in place a detailed improvement plan for its collection, use, and analysis of data. It should write to the Committee and set out:***

- ***The skills gaps it has identified in its analytical capability and how it intends to fill them;***
- ***A plan for transforming Immigration Enforcement into a data-led organisation, including timescales and priorities for improvements; and***
- ***How it intends to use this in the future to help plan and prioritise its activities***.

2.1 The government agrees with the Committee's recommendation**.**

Recommendation implemented

2.2 The analytical capability within Immigration Enforcement (IE) specifically has grown significantly in recent years, to improve the analysis of data. The department has completed an assessment of the skills gaps within IE's analytical capability and has taken steps to boost its social research, operational research and economist capabilities. This will continue to deliver effectively against the wide range of analytical demands the department faces in 2021, including its plans for evaluating the Compliant Environment (in response to recommendation seven of the Windrush Learned Review by Wendy Williams).

2.3 IE has developed a comprehensive long-term plan to transform itself into an organisation that fully harnesses the opportunities that data can provide. Whilst challenging – the plan involves the delivery of several technical components, the re-engineering of a number of existing work processes and an overarching cultural change in the way that IE staff approach data – the current departmental assessment is that, with the appropriate allocation and investment of resources, this plan can be fully and comprehensively delivered by 2025. This plan also sets out how the department will use Business Rules to plan and prioritise our activity more effectively, through implementing data-driven feedback loops where the department will learn from every single operational intervention.

3: PAC conclusion: ***The culture and make-up of the Department have left it poorly placed to appreciate the impact of its policies on the people affected.***

3: PAC recommendation*: Building on its response to the Windrush lessons learned review, the Department should mobilise its evidence base and evaluations to challenge its own assumptions and beliefs about the user experience within the immigration system. The Department should write to us by 31st December 2020, setting out the insights it has developed about the experience of its users, and what improvements it is making as a result.*

3.1 The government agrees with the Committee's recommendation**.**

Target implementation date: Winter 2021

3.2 On 19 March 2021, to mark the first anniversary of the Windrush Lessons Learned Review, the Home Secretary and Permanent Secretary launched the One Home Office transformation programme as part of the significant reforms being made in the department. Central to this programme is the transformation towards a more open and compassionate department; the Wendy Williams report was a key catalyst for these changes. The One Home Office programme will support behavioural change across the department, including the commitment to using customer insight wherever possible, and will inform the ongoing design and delivery of the immigration system.

3.3 The department's response to the *Windrush Lessons Learned Review* puts user experience and feedback at the heart of its work to make the Home Office more outward facing. A Home Office-wide culture enquiry has been completed and we are now engaging with an external provider. This will assist in establishing the precise interventions required to deliver lasting cultural transformation. In addition, a Community and Stakeholder Engagement Hub has been formed, to lead the way in engagement and interaction with our stakeholders and communities. This will also be an accessible and proactive centre of excellence for knowledge and expertise that will enable the department to undertake more successful and effective stakeholder management.

3.4 Within IE specifically, building on the user insight being gathered to inform the design and day-to-day management of the immigration detention estate and the Voluntary Returns Service (VRS), the department is undertaking a new project looking at the user experience of those on reporting. In addition, the department will be conducting structured engagement with a wide range of groups as part of the review and evaluation of the Compliant Environment. The department is on track in delivering these various work strands.

4: PAC conclusion: ***The Department's failure to develop an end-to-end understanding of the immigration system leads to problems which it could avoid.***

4: PAC recommendation***: The Department needs to develop a joined-up approach across the full end-to-end immigration system to ensure that people get the right support at the right time. It should record and assess how people move through the immigration system to understand where and how problems arise. This should include evaluating whether earlier access to good quality, affordable legal advice might help to reduce the number of late claims. The Department should write to the Committee within six months of this report, setting out progress in this regard.***

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2022
Original target implementation date: Summer 2025

4.2 The department originally provided a target date for the implementation of this recommendation as Summer 2025, as this was originally aligned to the Border, Immigration and Citizenship System five-year plan. However, this five-year plan has been superseded by the much more accelerated 'One Home Office Transformation Programme', which will help to deliver a more joined-up and end-to-end immigration system. This gives the department an opportunity to implement this recommendation by Summer 2022.

4.3 Alongside structural changes, the department is also improving its digital capabilities. Digitised application processes - already live for student visas - will improve system coordination, enhance customer experience through simplified rules and remote biometric capture, and provide enhanced management information, ensuring that problems are identified and addressed early. A digital identity capability will enable customers to view and prove their immigration status easily. An integral part of the department's modernisation programme, shaped by Wendy Williams' *Windrush Lessons Learned Review*, aims to help drive greater understanding of customer needs and strengthen oversight of customer issues. As noted above, the department is reaching out to those who are affected by the immigration system through ongoing community events and the new Young People's Board to gain insight and incorporate feedback into policy and process design.

4.4 The department is developing proposals for a fairer and firmer system that deters and prevents illegal migration; delivers more support and a speedy and efficient system for those genuinely fleeing persecution; and facilitates the swift removal of those with no right to remain in the UK. As part of these reforms, consideration will be given to a wide range of options, including the support that claimants are able to access at different points in their immigration journey.

6: PAC conclusion: ***We are not convinced that the Department is sufficiently prepared to safeguard the status of individuals while also implementing a new immigration system and managing its response to the COVID-19 pandemic.***

6: PAC recommendation: ***Within six weeks of this report, the Department should write to this committee to explain its priorities while implementing these significant changes. Specifically, it should set out:***

- ***How it will balance risks to delivery against the risk that these changes will unfairly affect the lives and rights of individuals;***
- ***What practical steps the Department has taken and will take to achieve this balance; and***
- ***What testing it has conducted to ensure that its information systems can fully support these steps.***

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department *wrote to the Committee* on the 13 November 2020 setting out its plans to deliver the Future Border and Immigration System (FBIS), commitment to meeting its public sector equality duties, approach to COVID-19 pandemic and a number of other issues. The correspondence set out that:

- freedom of movement with the European Union (EU) ended on 31 December 2020 and the new points-based immigration system requires all EEA and non-EEA nationals to obtain permission to live, work and study in the UK.
    I. The system provides greater clarity for users by making rules more accessible and easier to use.
    II. Steps have been taken to simplify the legal framework, ensuring migrants can evidence their status.
- in July 2020 an Equality Impact Assessment on the new system was published which focused on the impacts on protected characteristics. This duty is ongoing.
- the department is supporting the rollout of the points-based system with a comprehensive engagement programme with stakeholders.
- no migrant will be penalised due to circumstances outside their control related to COVID. The department will remain flexible in its response, will continue to assess the impact on migrants and offer support when required.
- the EU Settlement Scheme (EUSS) was created with the aim of reducing burdens upon applicants. The department has invested in funding services to support vulnerable and hard to reach groups in accessing their rights under the EUSS; around £9 million in 2019 and a further £8 million in 2020.

Eighteenth Report of Session 2019-21

Department of Health and Social Care, NHS England, NHS Improvement and Health Education England

NHS Nursing Workforce

Introduction from the Committee

In 2019, the NHS employed around 320,000 nurses in hospital and community services, making up a quarter of all NHS staff, with a further 24,000 employed in GP practices. Around one in ten registered nurses works in social care. In January 2019, the NHS Long Term Plan set out future service commitments and acknowledged the need to increase staff numbers, noting that the biggest shortfalls were in nursing. By the start of 2020, there were nearly 40,000 nursing vacancies in the NHS, a rate of 11%. The Long-Term Plan has set a goal of reducing the nursing vacancy rate to 5% by 2028. A range of national and local NHS bodies are responsible for (nursing) workforce planning as well as supply, which includes training, recruitment and retention of staff. The Department of Health & Social Care (the Department) retains overall policy for the NHS and social care workforces. Health Education England (HEE) oversees NHS workforce planning, education and training, while NHS England and NHS Improvement (NHSE&I) supports and oversees the performance of NHS trusts, including in relation to workforce retention and other workforce responsibilities. Local NHS trusts, foundation trusts and GPs employ nursing staff, and are responsible for their recruitment, retention and day-today management.

Relevant reports

- NAO report: *The NHS nursing workforce* – Session 2017-19 (HC 109)
- PAC report: *NHS nursing workforce* – Session 2017-19 (HC 408)
- *Treasury Minutes – January 2021* (CP 363)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute (CP 363), the department disagreed with one recommendation and one recommendation had been implemented. Five recommendations remain work in progress as set out below.

1: PAC conclusion: ***There has been further delay to the overdue NHS People Plan and there is a risk that the NHS is focusing on short-term pressures at the expense of the necessary long-term strategy*** **conclusion:** ***There has been further delay to the overdue NHS People Plan and there is a risk that the NHS is focusing on short-term pressures at the expense of the necessary long-term strategy.***

1: PAC recommendation*: NHSE&I and HEE must prioritise publication of the substantive long-term workforce plan as soon as possible utilising the NHS's existing long-term funding allocations.*

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2021

1.2 The NHS People Plan is an ongoing programme of work - with responsibility resting on all NHS leaders, at all levels – to ensure that the NHS has an increased number of staff, working differently, in a compassionate and inclusive culture in order to deliver the *NHS Long Term Plan*.

1.3 In July 2020, NHSE&I and HEE published '*We are the NHS – People Plan for 2020/21: action for us all*' focused on the national and local steps that need to be taken for the rest of 2020-21 to support staff in the NHS and help manage the pressures of COVID-19 through the winter of 2020-21. This publication marks the next stage in the People Plan programme.

1.4 Work will continue beyond 2020-21 in all the areas set out in this plan.

3: PAC conclusion: ***We are not convinced that the Department has plans for how the NHS will secure 50,000 more nurses by 2025.***

3: PAC recommendation: ***As part of the published people plan, the Department, NHSE&I and HEE should include a set of costed and detailed action plans for each of the different supply routes for nursing, and how many nurses each route is expected to contribute to the overall nursing workforce. They should consider what national actions, for example on pay, they may need to take to increase recruitment and retention.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2021

3.2 The commitment to 50,000 more nurses is underpinned by a robust costed delivery programme which will be achieved through increased domestic recruitment (including undergraduates, postgraduates, reduced attrition, blended degrees, apprenticeships and nursing associate conversions to registered nurses), increased international recruitment and improved retention.

3.3 The latest UCAS (Universities and Colleges Admissions Service) data show a 23% increase in placed applicants to nursing and midwifery courses when compared to last year, meaning the department is likely to see more domestically trained nurses complete training in 2023. In contrast, international recruitment has been disrupted, in the short term, as a result of the COVID-19 pandemic.

3.4 The department has responded to these changes by adapting the programme to flex across workstreams, to ensure the maximum supply and the best value for money. The department will publish plans as soon as practicable, taking account of the impact of the COVID-19 pandemic on the programme.

3.5 On national pay, a three-year pay and contract reform deal was agreed in 2018 for all *Agenda for Change* staff increasing the starting salary for newly qualified nurses by over 12%. Outside of multi-year deals the department plan to rely on the independent NHS Pay Review Body. Pay Review Bodies consider evidence provided by multiple stakeholders including NHS trade unions, system partners and government. In making recommendations, Review Bodies consider affordability and what is needed to recruit, retain and motivate the workforce.

4: PAC conclusion: ***The nursing needs of social care remain an unaddressed afterthought for the Department of Health & Social Care.***

4: PAC recommendation: ***The Department should set out its understanding of the nursing requirement across health and social care, and how it expects its actions will support nurse recruitment and retention in social care.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2021

4.2 Whilst the government agrees with the Committee's recommendation, it does not agree with the conclusion that the nursing needs of social care are an unaddressed afterthought. DHSC, NHSE&I, HEE and nursing partners work closely in planning the nursing workforce, taking account of the number of nursing staff who go into social care, the private sector and other employment, as well as those employed in the NHS.

4.3 Unlike the NHS, the adult social care workforce is not nationally administered – rather it is a diverse sector, with 1.5 million staff employed in around 24,000 employers. The department recognises the need to support the whole workforce and fund programmes and initiatives to support nurse recruitment, retention, development and wellbeing.

4.4 In 2020-21, the department provided £26.3 million funding to *Skills for Care* to deliver strategic social care workforce priorities, including £300,000 to support the Registered Nursing and Registered Nursing Associate workforce, reflecting variation across sectors and disciplines. Activities include tailored advice and guidance on recruitment and retention, alongside specific COVID-19 activity, including supporting nurse deployment through NSHE&I's Bring Back Staff Programme.

4.5 Skills for Care have supported development of the Nursing Associate Apprenticeship and Registered Nurse Degree Apprenticeship and advocate for their take up by social care employers. The department is committed to increasing Nursing Associates in social care, which will contribute to capacity for core nursing work and free up registered nurses to focus on more complex clinical care.

4.6 The department's *2020 to 2021 Social Care Winter Plan* includes the appointment of a Chief Nurse for Social Care, to provide professional leadership to the workforce and help achieve parity with the NHS nursing workforce.

6: PAC conclusion: ***The COVID-19 outbreak presents new challenges, as well as opportunities, for improving the recruitment and retention of nurses in the NHS.***

6a: PAC recommendation: ***We welcome NHSE&I's publication of early lessons from COVID-19. NHSE&I should ensure it also makes available a full and frank assessment of the new challenges to nursing recruitment and retention specifically and how health providers should address them, particularly where this could disadvantage certain groups for example students or minority ethnic staff.***

6b: PAC recommendation: ***As part of this assessment, NHSE&I should take stock of the measures in place to support nursing staff's mental health and wellbeing, to share good practice and identify what else staff may need.***

6.1 The Government agrees with the Committee's recommendations.

Target implementation date: Spring 2021

6.2 It is important that as a health and care system, the department and NHS continue to assess the potential challenges and impact of COVID-19, including on the recruitment and retention of nurses.

6.3 The impact of COVID-19 will be different on each of the supply routes into the profession and therefore it is appropriate for individual assessments to be undertaken. This work is already underway and will continue to form a key part of the ongoing delivery and monitoring of the 50,000-nursing target and more widely through our continuous work on the People Plan Programme.

6.4 During the initial surge of COVID-19, the NHS introduced a comprehensive package of health and wellbeing support for staff, including confidential support via phone/text, specialist bereavement support, free access to mental health and wellbeing apps, and training and support for line managers. Over 400,000 staff have accessed NHSE&I's physical and psychological health and wellbeing offer to support them through the COVID-19 response and a quarter of a million visits have been made to the NHS' *dedicated website people.nhs.uk.*

6.5 As the COVID-19 pandemic develops and 2020-21 winter approaches, the NHS will continue to review and refine its national health and well-being offer with an emphasis on supporting psychological and physical safety. It is working closely with regional colleagues to develop mental health wellbeing hubs in seven regions. These will provide proactive outreach and access to psychological support for those where there is an identified need.

Twentieth Report of Session 2019-21

HM Revenue & Customs

Tackling the tax gap

Introduction from the Committee

HMRC is responsible for administering the UK's tax system. One of its three departmental objectives is to "collect revenues due and bear down on avoidance and evasion". HM Treasury leads on the design of the tax system. It agrees HMRC's revenue and efficiency targets, and levels of funding. HMRC reported record tax revenue of £627.9 billion in 2018–19, an increase of £22.1 billion (3.6%) on 2017–18. Tax administrations rely heavily on taxpayers reporting and paying their taxes in line with the rules. In 2018–19, HMRC received 90% of total tax owed this way. HMRC's most recent estimate of the tax gap, the difference between tax owed and tax that is actually paid, was £31 billion in 2018–19, equivalent to 4.7% of the total tax owed. HMRC estimated that its compliance activities increased tax revenue by £34.1 billion in 2018–19 against a target of £30 billion. The tax gap figures do not include the impact of COVID-19 and the full effects will take some time to become clear. Total compliance yield in the first quarter of 2020–21 (£7.5 billion) has already fallen by 51% compared to the same quarter in 2019–20 (£15.4 billion). HMRC estimates up to £3.5 billion of furlough payments made by 16 August 2020 may have been fraudulent or paid in error.

Relevant reports

- NAO report: *Tackling the tax gap* – Session 2019-21 (HC 372)
- PAC report: *Tackling the tax gap* – Session 201921 (HC 650)
- *Treasury Minutes – January 2021* (CP 363)

Update to the Government response to the Committee

There were eight recommendations in this report. As of the last Treasury Minute (CP 363), the government disagreed with three recommendations and three recommendations had been implemented. Two recommendations remain work in progress as set out below.

1: PAC conclusion: *HMRC is not sufficiently clear about levels of uncertainty when publishing the tax gap.*

1a: PAC recommendation*: HMRC should state more clearly (for example in its Annual Report or tax gap press notice) that its tax gap figures are highly uncertain and subject to revision.*

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: September 2021
Original target implementation date: June 2021

1.2 The tax gap is published annually, and the recommended change will be included in future editions of *Measuring tax gaps*. In *Measuring tax gaps 2020 edition*, HM Revenue & Customs (HMRC or the department) published ranges around its tax gap estimates for 42% of the tax gap by value. These ranges were mostly provided where the estimates were derived from sample data, for which there is an established method for calculating confidence intervals.

1.3 In *Measuring tax gaps 2021* edition, the department will publish ranges where they can be calculated and describe areas of the tax gap where this is not possible. The department is currently exploring methodologies for calculating an uncertainty rating for those areas where there is no method for calculating a meaningful range and will provide these where feasible in *Measuring tax gaps 2021* edition.

1.4 *Measuring tax gaps 2021* edition was scheduled for publication in June 2021. As announced on GOV.UK, HMRC has made the decision to delay the release of this publication to 16 September 2021.

Around a third of the tax gap estimate is based on results from the Mandatory Random Enquiry Programmes (MREP) and there have been delays in settling cases from the MREP to make a robust estimate in time for a June 2021 publication. Sufficient cases will have reached settlement to allow results to be published in mid-September 2021 ahead of HMRC's 2020-21 Annual Report and Accounts. The additional time will enable HMRC to produce these statistics to the expected high standard of quality.

1.5 The department has implemented changes to its *Annual Report and Accounts 2019-20*, including an explanation that the tax gap is an estimate, with sources of uncertainty and potential error, and is subject to revision. The department will include a statement regarding uncertainty and revisions in its press notice accompanying the publication of the 2019-20 tax gap estimates.

5: PAC conclusion: ***It is not clear that Making Tax Digital will help reduce the tax gap or taxpayer costs at a time when individual taxpayers and small businesses are under considerable pressure.***

5: PAC recommendation*: HMRC should, as part of piloting future rounds of Making Tax Digital (MTD), assess whether the administrative burden it is imposing on taxpayers is reasonable and affordable before proceeding with further national roll-outs.*

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: December 2021
Original target implementation date: Summer 2021

5.2 In July 2020, when the department announced a future extension of Making Tax Digital (MTD) as part of the 10-year strategy for the future of tax administration, the department published its initial estimates of the costs of complying with MTD for those within scope of the announcement.

5.3 Legislation to enable the extension of MTD to smaller value added tax (VAT) registered businesses from April 2022 was introduced in Finance Bill 2021. The government also published a Tax Information and Impact Note (TIIN) for the smaller VAT businesses being brought into MTD from April 2022 at Budget 2020. The TIIN also incorporates findings from businesses already signed up to MTD and features updated assumptions of cost estimates.

5.4 The department has committed to working closely with stakeholders to refine these estimates to ensure they present a realistic picture of the costs those affected are likely to experience.

5.5 In 2020 and 2021, the department has listened carefully to feedback from stakeholders including business representative organisations, accountancy representative bodies, the software industry and MTD service users to update assumptions underpinning the cost estimates.

5.6 The government intends to legislate later in 2021 to extend MTD to Income Tax Self Assessment from April 2023. In line with normal practice, legislation will be accompanied by a TIIN setting out a clear explanation of the policy objective together with details of the impacts on the Exchequer, the economy, individuals, businesses, and civil society organisations, and any equality or other specific area of impact.

Twenty-First Report of Session 2019-21

The Department for International Trade and UK Export Finance

Government Support for UK Exporters

Introduction from the Committee

In 2019, the UK exported £701.2 billion of goods and services to overseas countries. The UK is currently the sixth largest exporter in the world, behind China, the United States, Germany, Japan and France. The Department for International Trade (the Department), established in 2016, is responsible for delivering the UK's independent trade policy. It promotes exports by connecting UK businesses with overseas buyers and by working with foreign governments to resolve trade barriers. The Department works with UK Export Finance (UKEF), the UK's official export credit agency. UKEF, which is a separate ministerial government department, helps UK companies to win contracts by providing finance and insurance to exporters and their overseas buyers.

Relevant reports

- NAO report: *Department for International Trade and UK Export Finance: Support for exports* – Session 2019-21 (HC 574)
- PAC report: *Government Support for UK Exporters* – Session 2019-21 (HC 679)
- *Treasury Minutes – January 2021* (CP 363)

Update to the Government response to the Committee

There were twelve recommendations in this report. As of the last Treasury Minute (CP 363), the government disagreed with one recommendation and one recommendation was implemented. Ten recommendations remained work in progress, two of which are now implemented as set out below.

1: PAC conclusion: *A lack of strategic alignment between the Department for International Trade and UK Export Finance means that opportunities for exports may have been* missed.

1: PAC recommendation*: By the end of 2020, the Department and UKEF should agree how they will work effectively together to ensure consistency in strategic outcomes and objectives, and formally set these arrangements out in a signed Memorandum of Understanding, reporting publicly on progress, for example in their annual reports.*

1.1 The government agrees with this recommendation.

Recommendation implemented

1.2 The Memorandum of Understanding (MoU) was signed by the Permanent Secretary of the Department for International Trade (DIT or the department), and the Chief Executive Officer of UK Export Finance (UKEF), on 30 March 2021.

1.3 The MoU was developed to reflect strategic and joint priorities between DIT and UKEF, including ministerial objectives on trade and investment and collaborating where appropriate to unite and strengthen the offer to business.

1.4 The details of this will be shared with the Committee when DIT and UKEF report on the MoU in the department's public annual reports, as recommended by the Committee. The department also intends to publish the MoU. The Committee's recommendation for an annual progress reporting mechanism is noted, and a proposal for managing this recommendation has been developed as part of the MoU.

2: PAC conclusion*: The Department for International Trade and UK Export Finance are not yet doing enough to identify and help the businesses of tomorrow to export.*

2a: PAC recommendation*: The Department and UKEF should develop a more integrated approach for working with other government departments, in particular with the Department for Business, Innovation and Skills and UK Research & Innovation, in order to build the UK's industrial capability and prioritise investment in sectors of growing importance and export opportunity, such as renewable energy.*

2.1 The government agrees with this recommendation.

Target implementation date: September 2021

2.2 The department and UKEF work closely with Department for Business, Energy and Industrial Strategy (BEIS) and across government to ensure domestic policies support export and investment ambitions across key growth sectors, such as strengthening of the UK renewable energy export pipeline. Recent collaborations have involved developing support for key sectors, including a new 'transition' Export Development Guarantee to support companies making the transition to clean energy, and innovative industries within *Build Back Better: our plan for growth*. The refreshed Export Strategy will build on this, underpinned by export campaigns in key sectors.

2.3 One such collaboration is that of DIT, UKEF and UKRI (UK Research and Innovation). Following the recommendations in the report, UKEF and DIT met with UKRI to increase collaboration in research and development export support. Alongside the Innovation Strategy, UKRI, DIT and UKEF are identifying areas from inception to export that can be boosted by government support to ensure innovative companies can fulfil their projects and trade them internationally. Further work will be conducted to identify opportunities to improve join up, including through the development of a refreshed export strategy, and elsewhere across our strategic planning or operational delivery.

2b: PAC recommendation*: The Department should also consider other ways of supporting potential exporters and companies exporting for the first time, for example, by encouraging more peer support to companies or by considering the merits of rolling out initiatives such as the Europe trade hub to the rest of the world. The Department and UKEF should report back to us by September 2021 on the arrangements they have put in place.*

2.4 The government agrees with this recommendation.

Target implementation date: September 2021

2.5 The department has continued to encourage first time exporters alongside pivoting to the needs created by the emergence of the COVID-19 pandemic. In this extraordinary year of change, DIT has supported critical supply chains through Project DEFEND, established numerous free trade agreements (FTAs) with trading partners and delivered support to UK businesses expanding their business through international trade. Recognising the role exports plays in strengthening the economy, exports will continue to be at the heart of the government's approach to build back better from COVID-19.

2.6 The government published its *Plan for Growth* on 3 March 2021, within which was a series of commitments including the development of a refreshed Export Strategy. The department has begun work on policies, initiatives and support services designed to help exporters and contribute to the Plan for Growth. This will be in addition to our continued programme of support via our International Trade Advisors and Enhanced International Support Service.

2.7 Four major new trade and investment hubs will be established in Scotland, Wales, Northern Ireland and the North-East of England to boost trade and investment across the whole of the UK. The new trade hubs will also support the launch of high-profile export campaigns due to launch later in 2021 that will seek to maximise export potential and boost UK enterprise in global markets, following the recent launch of the food and drink export campaign.

2.8 The department proposes to update the Committee by correspondence regarding progress in advance of September 2021.

> **4a: PAC recommendation*: DIT should take urgent action to ensure that more small businesses become exporters. Specifically, it should:***
> - ***Improve the support it offers to smaller businesses. It should improve the quality of the International Trade Adviser service and explore the merits of introducing accreditation, ensure that its digital services meet the needs of smaller businesses, ensure all SMEs are aware of how they can report trade barriers, and, if resources allow, increase the financial support available for SMEs attending trade shows. There should be a comprehensive SME chapter in every free trade deal negotiated.***

4.1 The government agrees with this recommendation.

Target implementation date: September 2021

4.2 The department will continue to help small and medium-sized enterprises (SMEs) export including through the recently launched £38 million Internationalisation Fund and through seeking to include SME chapters in all FTAs, and its support for SMEs will be part of its refreshed Export Strategy.

4.3 The Export Academy goes beyond DIT's traditional support services, incorporating more digital tools to support exporting via webinars, workshops and digital events including a 10-week course to understand, complete and execute an export plan. Further digital tools will be used to help businesses reach their export potential across the whole of the UK.

4.4 The MoU provides a platform for DIT and UKEF to increase collaboration in support of SMEs and exporters.

> **4b: PAC Recommendation:** ***DIT should take urgent action to ensure that more small businesses become exporters. Specifically, it should:***
> - ***Conduct a comprehensive exercise to determine why some small businesses export and some do not. This should include targeted research to better understand what these businesses need and the barriers to exporting, and more comprehensive international comparisons to learn from other countries that support small businesses well, such as Denmark.***

4.5 The government agrees with this recommendation.

Target implementation date: Summer 2021

4.6 DIT will continue to examine partner countries' export support to assess how to improve its offer to business and will assess UK businesses' exporting behaviour, attitudes and needs through the annual *National Survey of Registered Businesses (NSRB),* Publication of the Wave 5 report will happen in the summer of 2021. This will help shape the department's export support services.

4.7 Analysis of the international trading environment and business needs will - where possible - to distinguish between commonplace barriers to trade and those brought about by extraordinary events such as the COVID-19 crisis to assist in targeting support for businesses and accurately measuring the government's impact on exports.

> **4c: PAC Recommendation:** ***DIT should take urgent action to ensure that more small businesses become exporters. Specifically, it should:***
> - ***Measure the effectiveness of its work to build export capacity in SMEs and set clearer milestones for measuring its progress in supporting SMEs. For example, it should set out how it will increase the number of UK businesses that currently export and aim to increase the proportion of companies who start exporting or increase exports as a result of going to trade fairs.***

4.8 The government agrees with this recommendation.

Target implementation date: September 2021

4.9 The work to fulfil this recommendation is in progress and will underpin the refresh of the Export Strategy. Recent examples of the department's latest research in this area include the publication of a report quantifying the aggregate and various distributional impacts of exports on the labour market in the UK and has published evidence of the role of local jobs in trade and investment.

5: PAC conclusion*: UK Export Finance directly supported only 199 customers in total in 2019–20, failing to meet its own target of 500.*

5a: PAC recommendation*: UKEF should report back to us in writing by September 2021 with an update on progress and action is has taken to: Proactively target the green technology and renewable energy market.*

5.1 The government agrees with this recommendation.

Target implementation date: September 2021

5.2 On 12 December 2020, the Prime Minister announced that the UK government will no longer provide any new direct financial or promotional support for the fossil fuel energy sector overseas. This extends to any new official development assistance (ODA), investment, export credit and trade promotion activity.

5.3 UKEF continues to promote its support among SMEs and larger companies in the clean growth sector and has launched a new marketing campaign targeting the sector. Using additional funding granted in the 2020 Budget, UKEF has appointed two Export Finance Managers (EFMs) in Scotland and the North East of England designated to support renewable energy and clean technology. They are UKEF's first EFMs with sector-specific responsibilities, highlighting the importance UKEF places on building the footprint of its support in this critical market.

5b: PAC recommendation*: UKEF should report back to us in writing by September 2021 with an update on progress and action is has taken to Increase the number of SMEs it is supporting in a wider range of countries through take up of its new General Export Facility, and consider using UKEF recently approved marketing budget to do that.*

5.4 The government agrees with this recommendation.

Target implementation date: September 2021

5.5 Following the launch of the *General Export Facility* (GEF) at the end of 2020, UKEF is working with partner banks and trade associations such as UK Finance to promote the new product and drive take-up. Six transactions were completed by 31 March 2021 and a healthy pipeline of transactions are progressing.

5.6 The delegated limit with partner banks was also recently raised from £2 million to £5 million which should allow more transactions, particularly for SMEs, to be submitted and approved in a quicker and more efficient manner.

5.7 In February 2021, UKEF launched the new *Standard Buyer Loan Guarantee* product, allowing overseas buyers of UK goods and services to access UK Government guarantees for smaller loans (£1 million to £30 million). This means UKEF's financial support can be accessed more easily, particularly to finance smaller contracts to benefit SMEs.

5d: PAC recommendation*: UKEF should report back to us in writing by September 2021 with an update on progress and action is has taken to develop and implement a customer satisfaction survey. UKEF should consider the merits of developing its own survey as well as working with the Department to identify opportunities to include questions on export finance in the Department's survey. It should commit to sharing publicly more of the results.*

5.8 The government agrees with this recommendation.

Recommendation Implemented

5.9 UKEF conducted two pilot customer satisfaction surveys in April 2021. There is scope to adopt them as a long-term feedback tool in the future and UKEF will look to report on the results in its annual report and accounts. It already conducts an annual survey of its target audience (since 2016) to provide insight on awareness and understanding of UKEF and the export finance requirements of UK exporters.

5.10 UKEF will provide the Committee a full update for September 2021

6: PAC conclusion: ***It is more difficult for businesses who are not customers of five of the largest commercial banks to access export finance.***

6: PAC recommendation***: To make it simpler for smaller businesses to apply for export finance, UKEF should accelerate its expansion of the number of banks that can apply for UKEF's products using the quicker online process. In its Treasury Minute response, we expect UKEF to confirm by when it expects to achieve this.***

6.1 The government agrees with this recommendation.

Target implementation date: September 2021

6.2 The work to fulfil this recommendation is in progress and work is already underway to expand the number of banks operating under the delegated approach. The General Export Facility (GEF) was launched in December 2020 and the department is working with institutions to sign them up in order to maximise SME access to this support. Whilst the department is open to applications from any lender to participate in the GEF scheme, it has begun engaging with a number of banks that currently use trade finance schemes on a non-delegated basis. The first new partners should be in place shortly, and the department will continue to add to them on an ongoing basis.

6.3 UKEF is also reaching out to other funders, including financial technology companies (FinTechs), to understand how its products could be adapted to work for their exporting customers. These discussions are all at an early stage and the department expects it to take several months to resolve documentation and for partners to take the UKEF scheme through their own governance.

Twenty-Second Report of Session 2019-20

Department of Health and Social Care and NHSX

Digital transformation in the NHS

Introduction from the Committee

Improving digital services is at the heart of delivering the NHS Long-Term Plan but remains a huge challenge to deliver. The Department and NHS bodies still have a long way to go to deal with the proliferation of legacy IT systems across the health and care system and move on from their track record of failed IT programmes. The Department did not achieve a 'paperless NHS' by 2018, and this target has now been watered-down and moved back by six years.

We are far from convinced that the Department and NHS bodies have learned the lessons from previous IT programmes. Without this, they risk repeating the mistakes that led to those programmes failing to deliver and taxpayers' money being wasted. Successful delivery of the digital ambition for the NHS will require effective governance, realistic and detailed plans, sufficient investment nationally and locally, and clear accountability. It is six years since its 2014 digital strategy with the headline target to achieve a 'paperless NHS' and none of these vital components to make digitally-enabled care mainstream across the NHS are in place. Despite publishing its Vision for digital, data and technology in 2018, the Department still does not have an implementation plan for how this will be delivered in practice. Current governance and accountability arrangements are both overly complex and insufficiently defined. Local trusts are at varying levels of digital maturity and some are struggling financially. Unless national bodies do more to support trusts and local health and care systems in difficulty, then their progress in digital transformation is at risk of diverging further.

The Department and NHS bodies face major challenges dealing with the current COVID-19 pandemic, and we commend the work of staff across these organisations. This has also shown the potential for organisations to deploy digital solutions and adapt to new technologies. We look to the Department and NHS bodies to make best use of this learning in their digital programmes.

Relevant reports

- NAO report: *Digital transformation in the NHS* – Session 2017-19 (HC 317)
- PAC report: *Digital transformation in the NHS* – Session 2017-19 (HC 680)
- *Treasury Minutes – January 2021* (CP 363)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute (CP 363) the seven recommendations remain in progress as set out below.

1: PAC conclusion: ***The Department and National Health Service have a poor track record for transforming NHS IT and have made insufficient progress against national ambitions.***

1: PAC recommendation***: The Department should set realistic targets for transforming digital services and sustaining the gains made during the COVID-19 pandemic, and publish details of these by March 2021.***
This should include a mix of longer-term and intermediate targets for tracking progress for both nationally-led programmes and those delivered at local health and care system level.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2021

1.2. NHSX is a joint unit bringing together teams from the Department of Health and Social Care and

NHS England and NHS Improvement to drive the digital transformation of care, reporting directly to the Secretary of State for Health and Social Care and the Chief Executive of NHS England and NHS Improvement.

1.3 NHSX's delivery plan will be published by March 2021. It will build on the accelerated progress in digital transformation during the COVID-19 pandemic, and on the *NHS Long Term Plan* and the *Tech Plan* vision, to set out our milestones for digitising services to a core level of maturity within budgets, connecting them to support integration, and thereby enable service transformation.

1.4 NHSX recognise that progress has been fragmented and has varied in speed across care settings and providers. NHSX will use our plan to drive change at a local level, through a combination of setting expectations and standards for digitisation, and establishing what good looks like, and clarifying match funding principles (see also the response to recommendations 5 and 6 below on these programmes) and maintaining a proportionate oversight of local progress and digital maturity. The Tech Plan vision itself will be subject to review to reflect progress and learning through the COVID-19 emergency.

2: PAC conclusion: The Department's failure to ensure clear and transparent governance arrangements for digital transformation is putting the successful delivery of the Vision for digital, data and technology at risk.

2a: PAC recommendation*: To improve clarity and transparency, the Department should:*
- ***Write to the Committee by spring 2021 clearly setting out the responsibilities for digital transformation of each national organisation and communicate this to local organisations.***

2.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2021

2.2 To support transparency and understanding of the role of NHSX, it will publish an account describing how NHSX will support the digital transformation of the health and care system, setting out system governance and accountabilities, and the role of national organisations. This will be shared widely with local organisations and published on the NHSX website.

2b: PAC recommendation*:*
- ***Publish an annual report of NHSX's activity and the spending it controls and/or directs.***

2.3 The government agrees with the Committee's recommendation.

Target implementation date: June 2021

2.4 NHSX will provide an annual report on its activity for the period 2020-21 and each year thereafter, updating on its progress and spending on digital transformation in the system. As NHSX is not a legal entity, NHSX will also feature as part of the annual reports of NHS England, NHS Improvement and the Department of Health and Social Care.

3: PAC conclusion: *Without a proper implementation plan, the Department and NHSX cannot be sure that the £8.1 billion of taxpayers' money being invested in the digital transformation programme will deliver value for money.*

3: PAC recommendation*: NHSX should, as a matter of urgency, publish an implementation plan for meeting its ambitions for transforming digital services. This should:*

- ***Clearly set out actions required to transform digital services and how it will assess progress in enabling organisations to interact effectively to improve care.***
- ***Include the incentives and levers that improve the application of national standards for interoperability within and between local NHS organisations.***
- ***Identify and prioritise those areas where the digitisation of services will add the greatest value to patients and clinicians.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2021

3.2 NHSX will publish a delivery plan by March 2021 which sets out current activities to deliver digital transformation, and future actions. The plan will have a particular focus on measurement of progress at a local level, ensuring there is visibility to be able to evaluate how locally adopted software systems comply with national standards or what plans are underway to secure compliance.

3.3 NHSX is undertaking a review of the incentives and barriers to digital transformation, including the adoption of standards, created by the current financial architecture for the NHS. This will feed recommendations into 2021-22 policies, as well as for future years.

4: PAC conclusion: ***To deliver the digital Vision, NHS organisations' IT systems must be interoperable.***

4: PAC recommendation*: NHSX should urgently bring forward the remaining standards in order to provide clarity for trusts and suppliers, including providing trusts with guidance on the potential use of the cloud to enable digital image sharing.*

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

4.2 NHSX agrees fully that it should use standards to provide clarity for providers. Its programme is not limited to the ten standards published, which are now defined, but covers standardisation work which supports interoperability, and is ongoing, and open-ended, as NHSX embed, and maintain standards. The approach is to drive progress through compliance and improvement, using levers and incentives including procurement frameworks, standard contracts and guidance. A standards catalogue will provide clarity and drive adoption through a consistent process, connecting the levers and incentives to standardisation work.

4.3 NHSX is exploring with the NHS England and Improvement National Imaging Board, how the Cloud can support digital imaging networks, as part of delivery of the National Medical Imaging Platform. The national strategy for imaging networks established in 2019 proposes the creation of formal imaging networks in two phases: phase 1 creating 24 networks by 2022, moving towards consolidation of those 24 into 18 imaging networks in phase 2 by 2023, and these will be supported with appropriate guidance on the use of the Cloud within agreed budgets.

5: PAC conclusion: ***We are concerned that patients and local health and care systems could be left behind if some less digitally-advanced trusts are unable to invest in the technology and skills they need to catch-up.***

5: PAC recommendation*: As part of the implementation plan, NHSX should work with NHS England & Improvement and NHS Digital to develop a more-focused package for those local health and care systems most in need of support for planning, funding and implementation, and with a clear basis for priority action.*

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

5.2 NHSX is developing options for different types of support to providers in 2021 to help them access key skills, knowledge and experience, such as project and financial management support, benefits realisation capabilities, change management, data migration and integration experience, and clinical adoption and deployment skills. This is particularly important for trusts with low digital maturity and minimal readiness. NHSX will look for packages of support that will ensure maximum effectiveness and are value for money, including freeing up staff time and operational efficiency, within budgets.

5.3. Providers will also benefit from our ongoing 'What Good Looks Like' programme of work which includes a capability framework, describing the expectations of digitally-enabled health and care providers and systems, a related maturity model that helps organisations and Integrated Care Systems (ICSs) understand their current status, gaps and investment priorities; and a planning framework for delivering digital investment, along with other governance and procurement support. It will help Trusts and other providers to understand the characteristics of high quality and effective digital services, and the maturity model will provide a baseline which will allow providers to see where they are, and where they want to be.

6: PAC conclusion: ***The Department and NHSX lack the information they and local organisations need on which of the options for achieving digital transformation in local health and care systems achieves the best value for money.***

6: PAC recommendation***: NHSX should develop and publish a cost-benefit analysis of the various approaches available to local organisations when implementing their system solutions. It should also use the information to assess the realism of the £3 billion contribution from the NHS trust sector toward the overall budget of £8.1 billion.***

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

6.2 NHSX will publish the minimum digital capability expected within organisations by March 2021 (through the 'What Good Looks Like' exercise) and support systems and providers to baseline themselves against this by September 2021. This baselining exercise will help organisations establish the residual digital capabilities that they need to invest in to achieve the minimum expected capability.

6.3 NHSX will also publish analysis to support organisations considering which of the supported options to choose to achieve these capabilities of a) enterprise-wide Electronic Patient Record or b) best of breed approach by June 2021.

6.4 These two things together will enable: individual organisations to determine the residual investment needed, and the forecast cost and benefits, to achieve the minimum expected capability; and NHSX to aggregate the position to validate current estimates the total amount of central and local investment required.

Twenty-Third Report of Session 2019-21

Ministry of Defence

Delivering Carrier Strike

Introduction from the Committee

Carrier Strike provides the ability to undertake a range of military tasks and is central to the government's ambition to be able to respond at short notice to conflicts and humanitarian relief efforts anywhere in the world. It is based around two Queen Elizabeth Class aircraft carriers, Lightning II jets and a new radar system. The deployment of a carrier strike group will involve a significant proportion of the Navy's fleet, including destroyers and frigates, and is dependent on auxiliary ships to support and resupply the carriers. As at October 2020, the Ministry of Defence (the Department) had built two new aircraft carriers, brought 18 Lightning II jets into service and completed the infrastructure works to berth the carriers in Portsmouth and operate the jets from RAF Marham. It expects to declare initial operating capability for Carrier Strike in December 2020 and will undertake its first operational deployment in 2021 with the US Marine Corps. The Department will then work towards full operating capability by 2023—at which point it will be able to support two UK Lightning squadrons (up to 24 jets) from one of the carriers. The Department's longer-term aim is that, by 2026, the carriers can undertake a wide range of air operations and support amphibious operations worldwide.

Relevant reports

- NAO report: *Carrier Strike - preparing for deployment* - Session 2019-2021 (HC 374)
- PAC report: *Delivering Carrier Strike* - Session 2019 -21 (HC 684)
- Treasury Minutes: *Treasury Minutes – January 2021* (CP 363)
- *Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy* – 23 March 2021

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 363), the department disagreed with one recommendation and five recommendations remained work in progress, two are now implemented as set out below.

2: PAC conclusion: *There remains considerable uncertainty over the Department's future ambitions for Carrier Strike.*

2: PAC recommendation*: The Department must ensure that its ambitions for Carrier Strike are clearly articulated and understood across government as part of the Integrated Review. Once this Review is published, the Department should quickly publish its policy ambitions for the carriers and translate them into affordable plans for future investment and operation.*

2.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

2.2 Carrier Strike, alongside all capabilities in Defence, has been considered as part of the *Integrated Review (IR)* which was published on 23 March 2021. The department continues to evaluate the outcomes in detail, to refine its policy ambitions. Any future investments will be captured in the costed 10-year Equipment Plan.

2.3 Concurrently, the department is commencing engagement with counterparts in the United States to determine a possible future arrangement that follows on from UK-US '*Statement of Intent regarding Enhanced Cooperation on Carrier Operations and Maritime Power Projection*', which is due to lapse in

January 2022. The department and their US counterparts are working to explore deeper interoperability in maritime power projection which will include future capabilities as well as research and development. The department is also focused on developing carrier strike as a NATO asset, and its interoperability with other allied and partner navies.

3: PAC recommendation: ***The Department should collect full information on the costs of operating a carrier strike group during its 2021 deployment. This is a crucial opportunity to develop its understanding of consumption issues and the level of spares it needs. The Department should be prepared to set out its findings at a future evidence session with the Committee and be able to demonstrate that it has a better grip of future support and operating costs.***

3.1 The government agrees with the Committee’s recommendation.

Target implementation date: June 2022

3.2 The department already has provisional estimates of operating and support costs for deploying the core elements of the Carrier Strike Capability and provided ‘better estimate’ costs to the Committee in December 2020. These figures will be further refined following the first representative deployment in 2021 once a better understanding of actual operating and support requirements has been gained.

4: PAC conclusion: ***The value for money of the investment in the carriers will be significantly reduced if the UK cannot afford enough aircraft to sustain operations over the carriers’ service life.***

4a: PAC recommendation: ***Within one month of this report, the Department should provide the Committee with a full and detailed breakdown of Lightning II related expenditure to date, the approved budget and the forecast whole life costs of the Programme.***

4.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

4.2 The F-35 Programme underwent a closed Public Accounts Committee briefing focussed on Programme expenditure and with representation from across the department on 20 January 2021. The topics that were presented and discussed were estimated whole life costs, breakdown of costs to date and approved budget to completion.

5: PAC conclusion: ***The Department’s failure to ensure the timely delivery of the Crowsnest radar system leaves the carriers with less protection than planned in its early years.***

5: PAC recommendation: ***The Department should write to the Committee to advise how it has addressed the challenge of not initially having a fully operational Crowsnest system, and on the timetable for enhancements. More broadly, it should advise the Committee how it has improved the oversight of sub-contractors in the light of this case.***

5.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

5.2 The department *wrote to the Committee* on 26 February 2021.

5.3 The Crowsnest system is undergoing its ‘Release to Service’ clearance for Carrier Strike Group 2021 (CSG21) so the department can begin its own flying. Force generation is proceeding to provide the credible baseline capability for CSG21.

5.4 The Crowsnest system provides enhanced surveillance and airborne control for the Maritime Task

Group. The capability constraints on SR11.1 software have been factored into the scheme of manoeuvre for CSG21, with a period of pre-deployment exercising to integrate Crowsnest. Lessons and feedback on system performance during CSG21 will be provided to inform the development work by the department and Industry for future updates.

5.5 The purchase of Crowsnest spares and a support package has been brought forward to enable CSG21 and training in the UK simultaneously.

5.6 CSG21 has been carefully assessed and has capabilities to mitigate the force protection risk. Depending on the operational context, the department could also seek assistance from allies and partners to complement the Crowsnest capability by contributing force elements to the maritime task group.

5.7 On critical programmes, senior level project reviews are routinely carried out at Director General/CEO level to ensure focus on the most critical programmes. These reviews are typically undertaken quarterly or at six-month intervals.

5.8 Under the Supplier Partnering Programme, Defence Equipment and Support (DE&S) is undertaking a series of detailed supplier reviews and improvement programmes with a focus on Programme Management capability and systemic issues. All DE&S contract managers are required to undertake the Contract Manager Capability Programme Foundation training which will be completed by March 2021.

6: PAC conclusion: ***The Department's failure to fund several key supporting capabilities will restrict how it can use the carriers for many years.***

6: PAC recommendation: ***The Department should develop a plan setting out the investment required to develop essential supporting capabilities for a carrier strike group. This should include cost-benefit assessments of potential capability enhancements and how to maximise the value of investment to date. It should write to the Committee by June 2021 setting out its planned investment over the next 10 years.***

6.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2021

6.2 The department has considered the capabilities required to support the carriers as part of the *Integrated Review*. Although taut and requiring mitigation in 2022 when RFA Fort Victoria undergoes maintenance, the support shipping needed to keep the carriers supplied with fuel, munitions and stores is in place for the period up until Full Operating Capability for Carrier Strike in 2023. To allow declaration of the wider Full Operating Capability for Carrier Enabled Power Projection from 2026, and the associated routine operating model, the Fleet Solid Support requirements have been informed by operating experience and a new competition will be launched in the first quarter of 2021. Building on the success of the Type 31 Programme, the department intends to allow international partners to work with UK firms to bid for this British-led shipbuilding project.

6.3 The Integrated Review has also considered the requirement for the movement of people and goods within the carrier group, noting that the department will not have a full understanding of the requirement until the capability has been 'road tested' in 2021. The task is currently performed by existing utility helicopters as an interim solution. The Rotary Wing strategy element of the Integrated Review is designed to address the out of service dates of existing helicopters, so this maritime intra-theatre lift task is one of a number that require a long-term solution. The Review has also captured the maritime elements of the future joint force including the role and numbers of anti-submarine warfare frigates. Now the Review is published, the department will evaluate the outcomes in detail and present the future investment plan accordingly.

Twenty-Fourth Report of Session 2019-21

Ministry of Housing Communities and Local Government

Selecting towns for the Towns Fund

Introduction from the Committee

In March 2019, the previous administration announced the Stronger Towns Fund, a £1.6bn fund to support towns in England. In July 2019, this was incorporated into the larger, £3.6bn Towns Fund with the intention to support a selection of struggling towns across England to develop and sustain strong local economies. This expanded fund included additional funding for the Future High Streets Fund, alongside the programme of Town Deals.

Officials from the Ministry of Housing, Communities and Local Government (the Department) designed a process to support Ministers to select towns that gave them scope to use their own judgement on which towns to select. Officials provided Ministers with information on the need and growth potential of towns across England in a prioritised and ranked list, from which Ministers selected 101 towns, following the approach recommended by their officials. Ministers selected all 40 high-priority towns, then selected the remaining 61 towns from a pool of 501, the vast majority of which were medium-priority and for which they recorded their reasons for selection. Officials later reviewed the Ministers' selection of towns against the required tests set out in HM Treasury's Managing public money, concluding the selection was appropriate. The National Audit Office's report sets out in detail the process followed by the Department to select the 101 towns. In September 2019, the Department published its selection of towns and invited them to set up a Town Deal Board and bid for funding to implement a Town Deal that departmental officials would agree—a plan setting out the town's investment priorities to drive growth. The Department is currently assessing bids submitted by the first cohort of 13 towns.

Relevant reports

- NAO report: *Review of the Town Deals selection process* – Session 2019–2021 (HC 576)
- PAC report: *Selecting Towns for the Towns Fund* – Session 2019-2021 0 (HC 651)
- *Treasury Minutes – January 2021* (CP 363)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute (CP 363), the government disagreed with one recommendation and four recommendations were implemented. Two recommendations remain work in progress as set out below

4: PAC conclusion: ***It is still unclear what impact the Department is expecting from the Towns Fund, or when, and how the Department will measure its success.***

4: PAC recommendation*: In its Treasury Minute response, the Department should set out how the Towns Fund programme will secure positive, long term outcomes, and the measures of success it intends to use to monitor and evaluate its impact. In particular it should be clear about the measures against which it will measure any new jobs created.*

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: June 2021
Original target implementation date: Spring 2021

4.2 The Ministry for Housing, Communities and Local Government (the department) continues to progress its monitoring and evaluation strategy for the Towns Fund, which, subject to acceptable peer review, it expects to publish in June 2021.

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4.3 The department expects to have agreed all Head of Terms for Town Deals by the end of June 2021. At this point the department will provide the Committee with its first annual report on progress of the Towns Fund. This will also include detail on the success of the Fund and evidence from the monitoring and evaluation process.

5: PAC conclusion: ***We are concerned that towns may not have the capacity to deliver their plans and spend the money well.***

5: PAC recommendation*: From the end of March 2021, the Department should write to the Committee with annual updates to provide assurance that it is spending the money well. The Department's updates should demonstrate that its due diligence processes have included an assessment of towns' capacity to successfully deliver their plans.*

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: June 2021
Original target implementation date: April 2021

5.2 The department continues to support towns directly. Every town has a named contact in the department to provide ongoing guidance and support. The Towns Fund Delivery Partner, Arup and consortium continue to provide additional support.

5.3 The deliverability of the Town Investment Plans and the town's capacity to deliver is reviewed thoroughly in the assessment process.

5.4 The department is providing additional revenue funding for local authorities for 'stage 2' of the process: developing and agreeing business cases for projects. This is being targeted at towns most in need of support and grants were paid at the end of March 2021.

5.5 In its first annual report to the Committee, the department will include an assessment of towns' capacity to successfully deliver their plans, which the department intends to send to the Committee following the announcement of the Heads of Terms by the end of June 2021.

Twenty-Fifth Report of Session 2019–21

Home Office

Asylum accommodation and support transformation programme

Introduction from the Committee

The Home Office (the Department) provides accommodation and support for asylum seekers and their families who would otherwise be destitute while their cases are processed. From 2012 to September 2019, the Department provided these services through six regional contracts, known as COMPASS. In 2019, following a two-year extension to the original contracts, the Department replaced COMPASS with seven similar regional contracts for accommodation and transport, plus a UK-wide contract for a new helpline and support service, known as AIRE-Advice, Issue Reporting and Eligibility. The Department provided services to 48,000 people in accommodation at the time the contracts transferred. The new contracts have a total estimated value of £4.0 billion over 10 years, from 2019 to 2029.

A sharp increase in the number of people entering the asylum support system from July 2019 meant that from October 2019 more than 1,000 people each night were placed in hotels rather than dedicated housing for asylum seekers. The AIRE service could not cope with demand in its initial months, with four-fifths of callers unable to get through on the phone. The COVID-19 pandemic has also resulted in additional demand pressures on the service.

Relevant reports

- NAO report: *Asylum accommodation and support* - Session 2019-21 (HC 375)
- PAC report: *Asylum accommodation and support transformation programme* – Session 2019-21 (HC 683)
- *Treasury Minutes – February 2021 (CP 376)*

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP 376), the department agreed with all the recommendations, four of which have been implemented as set out below.

1: PAC conclusion: ***It is unacceptable that the Department has failed to engage adequately with local stakeholders.***

1: PAC recommendation*: The Department should, as a matter of urgency, communicate with NHS bodies, MPs and other key stakeholders such as police, setting out how it will consult and engage with them in future. The Department should write to the Committee within three months to confirm its approach.*

1.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 There are clear and established mechanisms for national and local engagement between the Home Office (the department) and its stakeholders and partners. UK Visas and Immigration (UKVI) has dedicated MP account management teams. Asylum Support operate a national structure for engagement with local authorities headed by a Chief Executives group and a national structure for engagement with the third sector headed by a Strategic Engagement Group.

1.3 The department has developed and launched updated internal Standard Operating Procedures (SOPs) that direct operational teams and providers to engage with key statutory stakeholders prior to opening new hotels and large-scale contingency accommodation sites.

1.4 To underpin these SOPs, the department has developed an engagement framework that sets out who, when and how to engage with key stakeholders when proposing new hotels or large new sites. This approach ensures that Home Office staff and providers engage right from the planning stage with key stakeholders. This includes delivering early engagement with local authorities, MPs, police, health colleagues, and non-government organisations (NGOs). Strategic Migration Partnerships (SMPs) also facilitate early strategic and ongoing multi- agency engagement on the department's behalf.

1.5 The framework has been tested in the South East and East of England SMP regions and feedback concerning proactive early engagement has been positive. The department wrote to all SMPs and the Local Government Associations in the UK in March 2021 to set out future engagement approach in relation to contingency sites and have directed SMPs to outline this approach with their local partners too.

2: PAC conclusion: ***We are very concerned that thousands of people continue to be placed in hotels rather than more appropriate accommodation.***

2: PAC recommendation: ***The Department should, within three months, set out a clear plan for how it will quickly and safely reduce the use of hotels and ensure that asylum seekers' accommodation meets their individual needs.***

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 The department has established Operation Oak, a programme of work to increase the number of people leaving hotels month-on-month in line with appropriate policy and process. The programme works with the three providers of asylum accommodation and local authorities to support the procurement of additional dispersed accommodation and to ensure that people who are no longer entitled to asylum support are moved on appropriately to free the accommodation for others. Each of the providers have provided plans to increase the volume of dispersed accommodation. The department is monitoring progress against these plans, including regular assessment of performance. This includes challenging the providers on the specific initiatives they are putting in place. The department is working closely with local authorities, to gain their support for the increase in property procurement and to ensure they can feed in their views on where, in their areas, our providers are looking to procure. The department continues to engage with many stakeholder groups, including SMPs and NGOs, to encourage their support in this programme. The department is also working closely with the Crown Commercial Representatives for the providers.

2.3 The plan is dependent upon several variables, including intake and outflow from the system, changes to public health guidelines, property pipelines and local authorities agreeing to the department's procurement requests. The department has dynamic plans predicated on assumptions in relation to all the above, as each element is subject to significant change, these plans evolve quickly and are subject to continual revision. Therefore, there is no single, static recovery plan; rather a programme of work to move the department from contingency accommodation to regular dispersed accommodation that will take account of the changing supported population, the availability of suitable accommodation and the views of local authorities.

3: PAC conclusion: ***The Department's failure to prepare effectively for the new service means that it has yet to deliver what was promised.***

3: PAC recommendation***: The Department should, within six months, review how long it would need to redesign the service for the next set of contracts and set a timetable to give itself enough time to prepare effectively and consider alternative models.***

3.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 The department has assessed plans to actively manage the contracts, to ensure recovery and improvement from the current impacts of the COVID-19 pandemic. To allow for an extended design, procurement and transition to future contracts, the department will undertake a review with a decision point, using departmental commercial and financial governance mechanisms, in August 2022. An evaluation at this point will provide an opportunity to consider the merits of utilising the break clause after 7 years and whether moving to a different model for the delivery of these services is advantageous. This review point will provide four years to complete the project lifecycle, which is more time than the last project and the department believes this is sufficient.

3.3 There is a review point in August 2021 for the Advice, Issue Reporting and Eligibility (AIRE) contract, which is a somewhat easier contract to transition and has an extension point four years from commencement.

4: PAC conclusion: ***Despite paying more for the new service than for COMPASS, the Department has not yet demonstrated that it is getting value for money in return.***

4: PAC recommendation*: The Department should, within six months, explain to the Committee how it is strengthening its contract management approach to ensure that it is getting value from the increased costs.*

The Department should not claim improvement without evidence and should write to the Committee within six weeks to provide an update on what the data is showing in terms of service improvement. The Department should thereafter provide the Committee with regular updates on this matter.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

4.2 The contracts contain mechanisms by which the department can ensure value for money, including to apply service credits where provider performance fails to meet contractual standards, to assess providers' profits using open book accounting principles, and to share profits. The work on using the contractual 'open book accounting' clause to ensure value for money was paused as the department experienced system wide stress and prioritised what is important in response to the many challenges of the pandemic.

4.3 The department has engaged auditors to undertake a financial audit of all three Accommodation and Support Contracts (AASC) accommodation providers, which commenced at the end of April 2021. The audit covers all activity within the contracts since they became operational. Once the audit is complete, the outcomes will provide us with a clearer picture of expenditure and will inform planning to ensure value for money is delivered.

4.4 The department is also taking significant steps to strengthen its contract management approach and has revised the structures through which the contracts are managed to ensure that roles are more clearly defined and sufficiently resourced for all aspects of contract management to operate fully and effectively. The department has commenced several recruitment campaigns.

4.5 The department has developed a commercial training pathway that incorporates accredited commercial training. This covers various levels of expertise. The aim is to ensure that the fundamental aspects of contract management are fully understood and applied accordingly. This training began in April 2021 and will be delivered across the asylum contract support teams incrementally.

5: PAC conclusion: ***The Department's lack of transparency on the service's performance is hindering the kind of engagement with stakeholders that it claims to want.***

5: PAC recommendation: ***The Department should immediately meet its commitment to communicate with stakeholders by publishing data for all key performance indicators, and should also identify what other information, if published, would provide stakeholders with a full picture of the service.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

5.2 The department agrees that stakeholders should have greater transparency on the performance of the service and has been making progress on providing that transparency. Working within Cabinet Office guidance and commercial confidentiality, summary performance data is being shared. The department is also working with stakeholders to identify the information that would be most helpful to share.

5.3 The Asylum Accommodation Assurance Team has developed a system of works that provides improved insight into service performance. Customer experience surveys carried out by each provider came into operation in October 2020 and report quarterly, with results assured by the Business Reporting Unit. A customer insight dashboard incorporating all feedback captured from the surveys has been developed, and we are now publishing it internally to support with continuous improvement activity across the department. A concise report of the results per quarter is shared with stakeholders. Reports for quarter one and two were shared in April 2021.

5.4 The department has added an analytical function to process improved data available from the Advice, Issue Reporting and Eligibility (AIRE) provider, and data from oversight of the revised complaints process. The department is now utilising metrics from both data strands to inform performance management and reporting. The department is working closely with local authorities though the Home Office Local Government Chief Executives Group (HOLGCEX) to define and deliver data sharing agreements that better support local authority functionality.

6: PAC conclusion: ***The Department has failed to ensure the safety and security of some of the vulnerable people who use asylum accommodation and support services.***

6: PAC recommendation: ***The Department should, within three months, publish its safeguarding assurance framework, specifying:***

- ***when it will be implemented and how it will operate;***
- ***how it will focus on the experience of service users; and***
- ***how partners will feed in their concerns and experiences.***

6.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

6.2 The welfare of service users is of the utmost importance to the department. The department does not believe that the wide range of activities which are required to safeguard service users would be susceptible of meaningful capture by a key performance indicator and has instead taken the approach of working closely with its providers and stakeholders to develop a safeguarding assurance framework. The department met with providers at the Safeguarding Board in March 2021 to sign off the framework, and it will be published on GOV.UK.

6.3 The Home Office would like to clarify that the Asylum Support Contracts Safeguarding Framework is a supplementary document to others that are publicly available. The framework is designed to provide a high-level overview of the responsibilities of all parties and is to be read in conjunction with the safeguarding elements of the Accommodation and Support Contracts (AASC) and the Advice, Issue Reporting and Eligibility Contract (AIRE). These contracts were designed with safeguarding of the individual at their heart.

6.4 In addition to the existing contract governance and stakeholder engagement, a joint safeguarding board has been established between the department and its providers to oversee progress on all aspects of safeguarding work. Furthermore, a national safeguarding forum has been established with local authorities to discuss safeguarding across the contracts and help develop and share best practice. Local safeguarding groups will be held in each contract region, bringing together police, local authorities, health authorities and other partners to ensure safeguarding obligations are met within localities.

Twenty-Sixth Report of Session 2019-21

Department for Work and Pensions

Department for Work and Pensions Accounts 2019-20

Introduction from the Committee

The Department for Work and Pensions (the Department) is responsible for the delivery of work, welfare, pensions and child maintenance policy. It serves over 20 million claimants and customers. In 2019–20, the Department spent £191.8 billion on benefit payments. Benefit payments are susceptible to both deliberate fraud by individuals, and unintended error by claimants and the Department. The Comptroller & Auditor General has qualified the Department's accounts every year since 1988–89 due to material levels of fraud and error in benefit expenditure. The 2019–20 accounts were qualified for fraud and error in all benefits except State Pension, because State Pension, having relatively simple conditions of entitlement, has very low fraud and error. The overpayment rate was 4.8% (£4.5 billion) and the underpayment rate was 2% (£1.9 billion) across all the other benefits.

As a consequence of the COVID-19 pandemic, the Department's benefit caseload increased significantly, for example, the number of people on Universal Credit increased from 2.9 million in February 2020 to 5.6 million in August 2020. It expects that this increase in caseload, alongside the fraud and error impact of relaxing some of its controls in response to the COVID-19 pandemic, will lead to a further increase in losses to the taxpayer from benefit fraud and error in 2020–21.

Relevant Reports

- DWP report: DWP Annual Report and Accounts 2019-20 (HC 401)
- PAC report: DWP Accounts 2019-20 – Session 2019-21 (HC 681)
- Treasury Minutes – February 2021 (CP 376)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute update (CP 376), one recommendation has been implemented and six recommendations remain work in progress as set out below.

2: PAC Conclusion: ***Even before COVID-19, fraud and error overpayments were at their highest ever rates, with around £1 in £10 of Universal Credit paid incorrectly.***

2: PAC recommendation: ***The Department needs to show sustained progress in reducing fraud and error. It should set annual targets, by risk and benefit, against which its progress can be assessed, based on its expectation of the intended impact of its counter fraud and error initiatives over time. These should be set out and reported against in its Annual Report and Accounts for 2020–21***

For Universal Credit, the Department should set out its plan for year-on-year reductions in fraud and error, assessing performance against short-term, achievable targets.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

2.2 The Department for Work and Pensions (the department) had provisionally agreed to set an overall target for 2020-21, based on detailed fraud and error forecasts along with Universal Credit business case assumptions. The confirmation of this target was suspended with the onset of the COVID-19 pandemic.

2.3 The department is currently undertaking detailed sampling work in order to provide an estimate of the level of fraud and error in 2020-21. The focus will be primarily on reviewing Universal Credit as a priority, given the increase in the caseload and given the rates of fraud and error for Universal Credit.

2.4 The department anticipates that the COVID-19 pandemic will have impacted fraud and error levels, and this detailed analysis is needed in order to baseline the current position. The department is committed to publishing an annual target post COVID-19 pandemic, and to using the Fraud and Error Framework to drive fraud and error down to the lowest feasible level.

2.5 The department will publish its Fraud and Error results as part of its annual Statistical release. Following that, the department should be in a position to publish an annual target for 2021-22. The department will consider the viability of individual/lower level targets as part of this approach.

3: PAC conclusion: ***COVID-19 will lead to further increases in fraud and error. The Department has an opportunity to learn from the impacts of its control easements.***

3: PAC recommendation*: The Department should report both the total level of fraud and error in the benefit system and the impact of its easement of controls on fraud and error, accompanied by both narrative and evidence, in its Annual Report and Accounts for 2020–21. This impact should be clearly distinguished from other fraud and error impacts of COVID-19 e.g. due to the increase in caseload.*

The Department should use information obtained from the process of easing and restoring controls to assess the cost-effectiveness of controls.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

3.2 The department accepts that its response to the COVID-19 pandemic has presented an opportunity to evaluate the controls it has in place and assess the impact of those controls in terms of fraud and error prevention.

3.3 During the COVID-19 pandemic, the department has seen a massive increase in demand and paid benefit to an additional three million claimants. Restrictions meant that the department could not routinely see people face to face and carry out its normal checks during this time.

3.4 The department introduced easements (changes to its processes) to ensure that it paid people who needed support during this period. This meant introducing Trust and Protect principles around key areas of verification; namely identity, eligibility and accuracy elements. This meant placing more reliance on claimants' declarations. However, the department quickly introduced mitigations to strengthen the new process and ensure that sufficient and proportionate checks were in place. Initial forecasts indicate that this significantly reduced the department's exposure to fraud and error.

3.5 The department is working on separating out the potential impact of the COVID-19 pandemic and potential losses from easements, along with savings from subsequent agreed changes to easements, mitigations and retrospective action. These numbers will be quite distinct from existing fraud and error levels.

3.6 The normal fraud and error sampling exercise (and publication) will set out the levels of fraud and error in Universal Credit. However, the department will in addition set out in the Annual Report and Accounts the impact the pandemic has had on Universal Credit losses.

4: PAC conclusion: ***The Department cannot demonstrate that it is doing everything that is cost-effective to tackle fraud and error.***

4: PAC recommendation: ***The Department needs to be able to monitor and report on the impact and cost effectiveness of each of its fraud and error initiatives and in particular on the impact of its investment in new technology.***

The Department should monitor and report any discrimination or bias caused by using artificial intelligence and machine learning on different claimant groups.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

4.2 The department is able to track the effectiveness of new technologies. The department is also conscious of the need to address any potential for bias in its approach to fraud and error and is taking steps to do so.

4.3 There are benefit realisation plans in place to monitor the impact of new digital technologies such as those being delivered through initiatives such as the Counter Fraud and Error Management System, Verify Earnings and Pensions, Transaction Risking and the Data Services Platform. These projects now form part of the new Fraud, Error and Debt Portfolio, which will track initiatives and potential savings between now and 2023-24.

4.4 The department's Monetary Value of Fraud and Error estimates are published annually. Alongside that, the department continually monitors a huge range of data on fraud and error detected through both interventions and customer reporting. The department also tracks its results from internal accuracy checks. The Integrated Risk and Intelligence Team now acts as a central unit for all this data and provides a single view of risk for the whole department. Collectively, this approach helps gauge the strength of particular initiatives and identifies remaining gaps.

4.5 The department has a draft Data Science Ethics Framework for machine learning that ensures it considers bias and discrimination in the design of predicative models. The Integrated Risk and Intelligence Service is working with legal experts to ensure that the ethical and legal position of all of its products have been properly considered ahead of any wider automation.

4.6 The department will provide an update on how it is using data to tackle loss as part of the annual report and accounts fraud and error narrative.

5: PAC conclusion: ***The Department has made slower progress on some causes of fraud and error; this is sometimes due to legislative and regulatory restrictions.***

5: PAC recommendation: ***The Department should review the regulatory regime around its fraud and error activities and communicate to parliament where it believes additional powers or other changes to legislation would improve controls for specific fraud and error risks.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

5.2 Latest figures for 2019-20 show that undeclared capital accounted for 22%, equating to £881 million, of all fraud and error loss across Department for Work and Pensions benefits. Despite the department's best efforts this money is difficult and costly to identify if it is not declared.

5.3 The government Counter Fraud Function has explored options for new legislative powers to increase the effectiveness of counter fraud activity. The department has been closely involved in and supportive of this work. One of the main drivers of this cross-government approach is to consider the case for levelling up fraud capability and legislative powers across departments.

5.4 Levelling up powers, by raising the department's investigatory powers to the same degree as other departments, and thereby enabling access to bulk tax information held by banks and financial institutions, would support investigations and/or compliance activity relating to capital fraud.

5.5 The department is at the same time developing non-legislative measures to improve counter fraud activity, including finding new ways to work with the banks and possible open banking opportunities, but it is this legislative solution that would potentially have the greatest effect on reducing capital loss.

5.6 The lockdown period has in addition shown that the department's investigatory powers and penalties processes are reliant on face to face activity. Removing restrictions would help the department to deploy its penalties and investigative powers in a modern and digitalised way.

5.7 In each instance, the department would bring any proposed legislative change to Parliament for scrutiny in the usual way.

6: PAC conclusion: ***As at 31 March 2020, the Department was owed £5.3 billion from benefit overpayments, benefit advances and Tax Credits debt. This number continues to increase rapidly.***

6: PAC recommendation: ***The Department should set out clearly in its Annual Report and Accounts, starting 2020–21: the methods open to it to recover debt; the efficacy of each of these methods on recovering different types of debt; and its expectation of its recovery of different types of debt which are accumulating due to overpayments and be clear about the resources required to deliver on its targets.***

6.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

6.2 The department can recover debt in various ways, including directly from benefits, from earnings via a Direct Earnings Attachments, or ultimately, from a debtor's estate.

6.3 Overall deductions policy is complex. Recovery is increasingly made via Universal Credit payments. The purpose of the overall deductions policy in Universal Credit is to both safeguard the welfare of claimants who have incurred debt and to provide a cost effective and efficient mechanism to recover outstanding overpayments.

6.4 Regulations protect claimants from excessive deductions. From October 2019, the overall maximum level of deductions that can be taken from Universal Credit was reduced from 40% to 30% of the Standard Allowance. This will decrease to 25% with effect from October 2021. Equally, through the priority order for deductions, the department seeks to protect vulnerable claimants by providing a repayment method for arrears of essential services. This means that the debt rate can only be calculated once other deductions have been taken into account.

6.5 The department is improving operational efficiency via, for example, Repay My Debt, which will enable customers to pay their debt online and increased automation of processes. The department is also developing data analytics to facilitate a more proactive approach to managing financial hardship.

6.6 The department will look to provide additional information in its annual report and accounts to show the different recovery options, the sums attributable to each method and outstanding debt stock.

7: PAC conclusion: ***The people that are being overpaid and underpaid are amongst those least likely in society to be able to pay the money back or absorb an underpayment.***

7: PAC recommendation: ***The Department should do more to understand the impact that both overpayments and underpayments have on claimants and ensure that vulnerable claimants are treated with care when dealing with error on the claim.***

As the Department investigates the impact of its COVID-19 response, it should consider systemic causes of underpayment and act quickly to assess and address these issues. We would like to hear from the department how it intends to do this.

7.1 The government agrees with the Committee's recommendation.

Revised target implementation date: May 2021
Original target implementation date: Spring 2021

7.2 The department agrees that it needs to recover money efficiently without disadvantaging customers. As part of the response to the COVID-19 pandemic, debt recovery was paused for three months from April 2020. Recovery recommenced from July 2020 but the department continues to apply a flexible approach.

7.3 All customers or their representatives can contact Debt Management if they are experiencing financial hardship in order to request a reduction in their rate of repayment or a temporary suspension of repayment, depending on their financial circumstances. The department's analysts are currently looking at how the department can use financial data to help identify vulnerable customers at source so that deductions can be tailored, and collection strategies refined.

7.4 The department remains committed to delivering Breathing Space. This Treasury-led policy, due to take effect in 2021, will allow people with problem debt to obtain protection from creditor action and time to access debt advice, enabling them to arrange a suitable solution to their debts.

7.5 The Cabinet Office recently conducted a public call for evidence on the issue of 'Fairness in debt management'. The department is working with government colleagues in order to consider the key findings.

7.6 A key priority for the department's work is to get benefit payments correct at the outset. Part of this is about helping claimants to report their circumstances correctly. The increased use of data will help the department check entitlement and correct any over or underpayment at the earliest opportunity. Verify Earnings and Pensions alerts are very much part of this approach.

7.7 At a strategic level, the department will continue to analyse the root causes of fraud and error so that future initiatives can target the causes of underpayments. Where underpayments are identified as a result of official error, the department will pay arrears in full at the earliest opportunity.

7.8 The department will write to the Committee with an update on its progress by the end of May 2021.

Twenty-Seventh Report of Session 2019-21

Cabinet Office and Department of Health and Social Care

COVID-19 Supply of Ventilators

Introduction from the Committee

Ventilators are medical devices that assist or replace a patient's breathing. Patients with COVID-19 who are admitted to hospital often have problems breathing. On arrival in hospital a patient's blood oxygen level is measured. If it is low, then the patient may be given standard oxygen therapy using a mask; non-invasive ventilation where oxygen is delivered under pressure via a mask or helmet; or invasive mechanical treatment using a mechanical ventilator, which takes over a patient's breathing. The specific treatment used is a judgement for clinicians and patients may undergo more than one treatment during a stay in hospital.

In the early stages of the pandemic, based on information available at the time, the NHS believed it could need far more mechanical ventilators than were available. From March 2020, the government made efforts to rapidly increase the number of ventilators available to hospitals in the UK. Its strategy included: purchasing ventilators from suppliers on the global market, led by the Department of Health & Social Care (the Department); and encouraging UK manufacturers to design and scale-up production of ventilators as part of the 'ventilator challenge', led by the Cabinet Office.

Relevant reports

- NAO report: *Investigation into how government increased the number of ventilators available to the NHS in response to COVID-19* – Session 2019-21 (HC 731)
- PAC report: *COVID-19 Supply of Ventilators* – Session 2019-21 (HC 685)
- *Treasury Minutes:* – February 2021 (CP 376)

Update to the Government response to the Committee

There were seven recommendations in this report. As of the last Treasury Minute (CP 376), three recommendations have been implemented, and four recommendations remained work in progress, one of which is now implemented as set out below.

1: PAC conclusion: ***The Departments lost a crucial month because they were underprepared and reacted slowly to the shortage of mechanical ventilators.***

1: PAC recommendation: ***The Department of Health and Social Care and NHS England and NHS Improvement should set out how their future plans for responding to emergencies will address:***

• Maintaining an adequate asset register of its critical equipment and a method for quickly gathering the up to date data.

• Protocols for rapid procurement of critical equipment.

• The need for surge capacity in the NHS's supply chains.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

1.2 NHS providers maintain asset registers of critical equipment. In the short term, the processes established for the COVID-19 pandemic have demonstrated that a national view of critical equipment together with any associated required information can be quickly gathered when needed. Should information on a different type of equipment be required this process would be repeated.

1.3 In the longer term, consideration is being given to how information in local asset registers could be standardised to ease consolidation. This could include promotion of standardised taxonomies for product descriptions and the adoption of standards for information exchange.

1.4 The equipment purchased as part of the COVID-19 pandemic response has both increased NHS provider capacity and created a strategic reserve of equipment for use in future incident responses. Together this should significantly reduce the need for future rapid equipment procurement.

1.5 However, should future rapid procurement of equipment be required, variants of the processes used for COVID would be used. The National Audit Office reviewed these processes, reporting that they provided effective management and sought to control costs where they could be controlled.

1.6 Inevitably, the circumstances of any future rapid procurement may differ from those experienced in early 2020 and so the Department of Health and Social Care (the department or DHSC) would expect to adjust, and where possible improve, the processes accordingly.

1.7 Practical actions, such as the creation of surge capacity in NHS supply chains have already been undertaken and the system now has reserves of both capital equipment and consumables at its disposal.

1.8 Building on the learning and experience from the COVID-19 pandemic, the department expects to set out these plans in Summer 2021.

3: PAC conclusion *Despite having to operate at speed, the Department of Health and Social Care still had a duty to carry out full due diligence for all parts of the supply chain.*

3b: PAC recommendation: *The Cabinet Office should also set out what updates it plans to make to its guidance to help departments meet this requirement during emergency procurements.*

3.1 The government agrees with this recommendation.

Recommendation implemented

3.2 The Cabinet Office published *Procurement Policy Note 01/21 - Procurement in an Emergency* and will be publishing additional guidance on conflicts of interest in due course.

4: PAC conclusion: *The ventilator challenge was an exceptional and far from traditional approach that offers some lessons for future programmes although they could not be applied wholesale under normal circumstances.*

4: PAC recommendation: *As part of its treasury minute response, the Cabinet Office should work with participants to understand and ensure the right lessons from the ventilator challenge are learnt. It should publicise:*

• which lessons were unique to the circumstances;

• which can be applied to future programmes. It should ensure these lessons are disseminated to the appropriate government departments or functions; and

• be clear about the risk to taxpayers' money of this innovative approach.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2021

4.2 The Government Commercial Function is in the process of updating the Outsourcing Playbook V2 which will be launched as a Sourcing Playbook in Spring/Summer 2021 and will incorporate the lessons from the Ventilator Challenge that can be applied to future programmes. The Ventilator Challenge lessons will be captured as a case study and used as part of training on risk - this will be disseminated as part of the regular knowledge sharing sessions with government departments. The Cabinet Office is on track to meet the target implementation date of June 2021.

5: PAC conclusion: ***Both programmes succeeded in part due to cross-government working and the expertise of key individuals involved.***

5: PAC recommendation: ***The Cabinet Office should set out, as part of its Treasury Minute response, what lessons it has learnt from these programmes for how government will, in future, ensure that it identifies the skills it needs, where these skills are, and how it will get them in place quickly when a rapid response is required.***

5.1 The government agrees with the Committee’s recommendation.

Target implementation date: March 2023

5.2 The Government Commercial Function and associated central employment model of the Government Commercial Organisation enables the Cabinet Office to continue to optimise the skill development and deployment of staff with these skills accordingly. Further activity is underway to ensure that assessment and associated capability building in the commercial space continues in both government departments and across the wider public sector, with a target date of March 2023 to have achieved scale. This will ensure that in the event of future crises more commercially trained/assessed and accredited staff will be available for deployment.

Twenty-Eighth Report of Session 2019-21

Department for Business, Energy & Industrial Strategy

The Nuclear Decommissioning Authority's management of the Magnox contract

Introduction from the Committee

The Nuclear Decommissioning Authority (NDA) is the government agency, sponsored by the Department for Business, Energy & Industrial Strategy (the department), with responsibility for decommissioning the UK's civil nuclear sites that are no longer producing electricity. The NDA's estate includes 17 sites, 12 of which (10 power stations and two research facilities) had been managed by Cavendish Fluor Partnership (CFP) under a contract awarded in 2014 (the Magnox contract). In 2018 we reported on the catastrophic failure of the NDA's procurement and management of this contract. We reported that the failure had cost the taxpayer around £122 million and that a lack of commercial skills in the NDA, compounded by inadequate knowledge of the Magnox sites, were key causes of the failure. The NDA negotiated the termination of the Magnox contract with CFP in 2017, with a consequent additional £20 million cost to the taxpayer to leave the contract. In September 2019, after a two-year contractual notice period, the NDA brought the Magnox sites under the management of its wholly owned subsidiary, Magnox Ltd. We took evidence from both the department and the NDA on the termination of the Magnox contract. The evidence covered a wide range of topics relevant to the NDA and the department's management and oversight of the decommissioning of the UK's nuclear sites. This report, therefore, covers both the decommissioning of the Magnox sites and broader strategic challenges facing the department and the NDA.

Relevant reports

- NAO report: *Progress report: Terminating the Magnox contract*– Session 2019-21 (HC 727)
- PAC report: *The Nuclear Decommissioning Authority's management of the Magnox contract*– Session 2019-21 (HC 653)
- *Treasury Minutes – February 2021* (CP 376)

Update to the Government response to the Committee

There were ten recommendations in this report. As of the last Treasury Minute (CP 376), one recommendation has been implemented and nine recommendations remain work in progress as set out below.

1: PAC conclusion: ***There remains significant uncertainty over the cost and timetable for decommissioning the Magnox sites and estimates continue to increase.***

1a: PAC recommendation: ***The Nuclear Decommissioning Authority should set out how it will develop a clearer means of reporting publicly on the level of uncertainty and risk across its sites.***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

1.2 The risks and hazards the Nuclear Decommissioning Authority (NDA) manages are amongst the most challenging anywhere in the world and internationally there are few programmes of the same scale and complexity.

1.3 The NDA has five principal documents which communicate its forward plans and costs. These documents set out its key milestones, intended programme of work and information in relation to its lifetime cost estimates:

- NDA Strategy
- NDA Business plan
- NDA Mission progress report
- NDA explanation of the Nuclear Provision
- Uncertainty ranges provided in our Annual Report and Accounts

1.4 These documents are also the NDA's means of publicly communicating the challenges and uncertainties associated with its mission. Of these documents, the Mission Progress Report and the Nuclear Provision document are the most important for explaining the long-term nature of the mission and the levels of uncertainty across the sites, including the Magnox sites. The NDA will develop these, and the versions published in 2021 will draw out the specific issues related to the Magnox sites.

1b: PAC recommendation*: The Nuclear Decommissioning Authority should also set out how it will prioritise its work on its sites in order to decommission them in the safest and most efficient way.*

1.5 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

1.6 The NDA has been considering the best approach to decommissioning its Magnox sites. The strategy it has had to date (April 2021) assumed a uniform approach to each of its Magnox sites. This consisted of site clearance of most buildings and then leaving the sites in a safe and secure state for several decades, before final site clearance. This is referred to as a "care and maintenance" approach.

1.7 Based on the experience and lessons learned from successfully putting the Bradwell site into care and maintenance, the NDA is now in a position to propose a more bespoke strategy which allows some stations to use the care and maintenance approach and others to be fully decommissioned with final site clearance in one continuous process, with no (or a reduced) period of safe and secure storage stage. This new strategy allows a programme of decommissioning to be put in place and will result in a reduction in costs.

1.8 NDA's consultation period for its new strategy has recently concluded. Under this new strategy the NDA would revise its specifications for Magnox reactor decommissioning to reflect the change to site-specific decommissioning strategies. Following this, a timetable will be determined that best suits each site and a business case developed to set out the benefits and cost and schedule impacts of any changes. This strategy will also see the decommissioning of the reactors at the Trawsfynydd site brought forward as the lead example.

1.9 The NDA included the key dates for some of the Magnox sites under this new strategy in its Business Plan published in March 2021. A more complete list will be included in the Business Plan published in Spring/Summer 2022.

2: PAC conclusion: *The uncertainty affecting the Magnox sites reflects a wider uncertainty about the costs and timetable of decommissioning the whole civil nuclear estate.*

2a: PAC recommendation*: Taking into account the feedback from its public consultation, the Nuclear Decommissioning Authority should exploit opportunities to reduce the time taken to decommission its sites and should identify the impact of such reductions on the cost profile.*

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

2.2 The NDA is charged with the mission to clean-up the UK's earliest nuclear sites safely, securely and cost-effectively.

2.3 In April 2019, it launched One NDA. The One NDA approach to working is firmly based on maximising the opportunities that come from working more effectively and efficiently as a group of businesses.

2.4 The benefits it is striving to achieve from the One NDA approach are:

- increased value for money for the taxpayer
- enhanced performance and delivery of outcomes
- strong organisational health
- improved stakeholder confidence and trust, and
- improved culture for our people

2.5 The NDA seeks opportunities to reduce the time and cost of its decommissioning activities at all of its sites. It examines and revises its strategy on a regular basis to look at better ways of approaching its mission. The example given in 1.7 and 1.8 above in relation to the revised approach to decommissioning the Magnox sites provides an indication of its work to optimise its portfolio of work.

2.6 While the NDA expects the new site-specific decommissioning strategies to be defined over the next 12 to 18 months, they will be continuously reviewed and optimised using the learning obtained from the sites being decommissioned.

2.7 The NDA will report back to the Committee following publication of the new strategy. The NDA and Magnox Limited will subsequently update the lifetime plans for the Magnox sites. The NDA's key document setting out dates for decommissioning is its *Business Plan* which is updated annually in the Spring. The edition of the Business Plan published in March 2021 takes account of the Committee's recommendations and, as set out in the answer to section 1.6 to 1.9, further data on indicative timing and expenditure will be published in the Business Plan for 2022 and will be confirmed in future spending reviews.

2b: PAC recommendation*: The department and the Nuclear Decommissioning Authority should take whatever steps are necessary to provide a firmer estimate of the cost of decommissioning the sites of the Advanced Gas-Cooled Reactors so that the public has a more reliable indicator of the scale of the public liability.*

2.8 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

2.9 The Department for Business, Energy and Industrial Strategy (BEIS or the department) will continue to work with the NDA and EDF Energy to understand the scale of the liability for decommissioning the Advanced-Gas-Cooled Reactor stations (AGRs).

2.10 The AGRs are owned and operated by EDF Energy, which under existing legal arrangements is responsible for submitting plans for decommissioning activities and estimating costs. The decommissioning of the stations will be funded by the Nuclear Liabilities Fund (NLF), a segregated fund managed by trustees and underwritten by the government. Under the terms of the governing legal arrangements, the NDA is responsible for scrutinising and approving EDF Energy's decommissioning plans and certifying that costs qualify for payment by the NLF. EDF Energy, NLF and BEIS annual reports each contain estimates of the costs of decommissioning the AGRs (and the Pressurised Water Reactor at Sizewell B, also owned and operated by EDF Energy) – all derived from EDF's decommissioning plans.

2.11 The department is undertaking further work with EDF Energy and the NDA to consider how efficient and cost-effective decommissioning can be planned for and delivered in the future. This includes consideration of how the stations will be owned and managed in the future and is expected to conclude in Summer 2021.

3: PAC conclusion: *A shortage of the right skills within the Nuclear Decommissioning Authority and across the nuclear industry remains a significant barrier to progress.*

3: PAC recommendation*: Within 6 months of publication of this report, the department and the Nuclear Decommissioning Authority should publish a detailed plan for how they plan to meet the demand for skills across the UK nuclear industry over the next 5–10 years of waste.*

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

3.2 The development and retention of a skilled workforce for the UK nuclear industry is a key focus for NDA and the department, this is reinforced in the Nuclear Sector Deal and in the work of the Nuclear Skills Strategy Group (NSSG). The department and NDA are both members of the NSSG and the current Chair of the Group is a director of the NDA. The NSSG's stated intent is to meet the future demands for skilled workforce in the nuclear sector and it has published a *Nuclear Skills Strategic Plan*, plus an *update in 2018* in order to summarise its proposals. This Strategic Plan highlights the importance of developing the right skills in the right place through a partnership between the government and industry. The NDA and the department will continue to work with the NSSG to inform these plans to meet the demand for skills over the next 10-year time horizon and beyond.

3.3 The NDA and the department will work with the NSSG to review the Nuclear Skills Strategic Plan and to assess whether the current plan needs to be updated.

4: PAC conclusion: ***For the new delivery model to work, it will be vital that the department exercises strong oversight of the Nuclear Decommissioning Authority and implements the findings of forthcoming reviews into the failure of the original Magnox contract and the role of the Authority.***

4a: PAC recommendation***: On publication of the Holliday report and tailored review, the department and the Nuclear Decommissioning Authority should set out publicly what has been learnt from them and how the reports are being used to inform the development of the new delivery and governance models.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

4.2 The NDA and the department have implemented many changes to its ways of working as a result of the recommendations and lessons learned from the interim Magnox inquiry report published in 2017. Following publication of the final report and the departmental review report, the NDA and the department will review the findings and subsequently publish a summary of the lessons learned and how these will be implemented.

4b: PAC recommendation***: In responding to this report, the department should set out clearly its rationale for relying on UK Government Investments to represent it on the Board of the Nuclear Decommissioning Authority, rather than such oversight being provided directly by its own team which is dedicated to looking at the NDA.***

4.3 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2021
Original target implementation date: Summer 2021

4.4 The government's assurance and oversight of the NDA has been strengthened over many years, including the appointment of a UK Government Investments (UKGI) director to the NDA Board in 2017 as part of the shareholder function. This has allowed the NDA Board to benefit from UKGI's expertise as government's centre of excellence for corporate governance and corporate finance. This capability is unique, especially when coupled with the added value drawn from learnings across the portfolio of UKGI assets. UKGI also brings essential consistency and corporate memory to oversight of the NDA.

4.5 The NDA Board provides the ultimate level of assurance and performance monitoring within the NDA itself. The presence of a UKGI director on the board ensures that the NDA delivers a consistent message on their overall performance and assurance but can also help to bring about change where required.

4.6 UKGI does not function at arms' length. It operates on behalf of BEIS in delegated areas, as set out within the UKGI/BEIS MOU, and the NDA Framework Document. The UKGI shareholder team reports directly into BEIS at DG level and the shareholder team works in partnership with the BEIS Sponsorship and Policy team. As set out above, the department feels that the sponsorship of the NDA has already been strengthened. However, the government looks forward to reviewing the recommendations of the Departmental Review of the NDA and the Magnox Inquiry and considering how it can use those to further strengthen the oversight of the NDA. As the Departmental Review is due to be published in Summer 2021, the target implementation date has been amended to Autumn 2021.

5: PAC conclusion: ***The Nuclear Decommissioning Authority is not doing enough to exploit its various assets, either for the benefit of local communities or the UK economy as a whole.***

5: PAC recommendation***: The NDA should develop a strategy for maximising the economic benefits of developing and, where appropriate, exporting its knowledge and assets to alleviate the burden on the taxpayer. These include the skills and experience of the UK nuclear industry, the decommissioning technologies it has developed, and the land and other physical assets the NDA holds.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2021

5.2 NDA's updated *Strategy*, published in March 2021, discusses the economic benefits of the NDA's work, its support for the Nuclear Sector Deal and its strategy to support international opportunities and collaboration.

5.3 NDA's mission is to deliver safe, sustainable and publicly acceptable solutions to the challenge of nuclear clean-up and waste management. In doing this, the NDA are cognisant of the need to consider value for money for the taxpayer and the interests of the workforce and communities around its sites.

5.4 The NDA group has an annual budget of circa £3.3 billion of which around £1.9 billion flows through the supply chain. The main socio-economic impact generated by the NDA's work comes from local wages and supply chain expenditure. NDA has a supply chain strategy that seeks to build commercial capability to maintain a resilient, sustainable, diverse, ethical and innovative supply chain that optimises value for money for the UK taxpayer when sourcing goods and services. There are many examples of companies within the UK supply chain developing techniques and equipment which they are then able to deploy on specialist work in other countries such as at Fukushima in Japan, and in other sectors. The NDA already supports the UK Nuclear Sector deal, the skills agenda for the nuclear industry and the Department for International Trade's export agenda,

5.5 In addition, the NDA generates significant commercial income from its current operations (£789 million in financial year 2019-20) which includes revenue from our overseas reprocessing contracts amongst other sources. This income is used to offset some of the costs of the decommissioning programme.

5.6 The NDA will report on progress in this area in its annual report to provide greater transparency.

6: PAC conclusion: ***Public accountability is hindered by a lack of transparency about the scale and nature of the challenge of decommissioning and the performance of the NDA.***

6: PAC recommendation***: NDA should be more transparent about its current and future plans with the local communities surrounding its 17 sites to strengthen public accountability and make clear the socioeconomic impact of its planned activities.***

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2021

6.2 The NDA's *annual Business Plan* is the key document to explain decommissioning activities around its sites. In the latest edition published in March 2021, the NDA has made particular efforts to explain the main decommissioning work on a site-by-site basis in clear language with transparent dates and indicative figures on expenditure. The Business Plan is subject to public consultation allowing individuals, groups and organisations to submit their views, so that we have a good idea of what local communities would like to see in it prior to finalisation and publication.

6.3 Moreover, the NDA holds regular engagements with the stakeholders local to its sites through a series of site stakeholder groups.

6.4 The Business Plan allows local communities to see the socio-economic impact of the NDA's activities. However to further increase transparency, NDA also provides a further in-depth analysis of its work, for instance the impacts associated with the Magnox sites were *reported and published* in 2018.

6.5 During 2021, the NDA will update its report on economic impact assessments and report back to the Committee. This study will cover all of the NDA's sites, using a similar methodology to the 2018 study which covered direct employment effects, supply chain expenditure and indirect effects of local expenditure on hotels and local shops.

Twenty-Ninth Report of Session 2019-21

Cabinet Office and HM Treasury

Whitehall Preparations for EU Exit

Introduction from the Committee

The UK voting to leave the EU created a significant challenge for the government to develop policy and deliver the practical changes needed to leave the EU. Every department has been affected by the EU Exit. They have had to prepare for multiple potential outcomes, work together on key issues and engage stakeholders who would also have to take action to be ready. At the peak, 22,000 civil servants worked on preparations and, collectively, departments had spent at least £4.4 billion on their preparations up to 31 January 2020. The effort is ongoing, with 15,000 civil servants currently working on preparations for the end of the Transition Period. The Cabinet Office is currently responsible for oversight of readiness preparations, through its Transition Task Force and Border and Protocol Delivery Group, since the Department for Exiting the EU was disbanded in January 2020. The government now faces other challenges of a similar magnitude to EU Exit preparations, such as the response to the Covid-19 pandemic and work to meet the net zero emissions target. These challenges will require departments to work more closely together than usual, to work in new ways and at speed, and to deal with uncertainty.

Relevant reports

- NAO report: *Learning for government from EU Exit preparations* – Session 2019-21 (HC 578)
- PAC report: *Whitehall Preparations for EU Exit* - Session 2019-21 (HC 682)
- *Treasury Minutes – February 2021* (CP 376)

Update to the Government response to the Committee

There were eight recommendations in this report. As of the last Treasury Minute (CP 376), the government disagreed with two recommendations and four recommendations were implemented. The remaining two recommendations are set out below, one of which is now implemented.

2: PAC conclusion: ***Government is not doing enough to ensure businesses and citizens will be ready for the end of the transition period and it is unclear what has been learnt from the previous 'Get ready for Brexit' campaign.***

2b: PAC recommendation: ***Government needs to ensure ongoing communications and support for businesses and individuals who may only consider taking action well after 1 January 2021, such as when Covid-19 travel restrictions are eased.***

2.1 The government agrees with this recommendation.

Target implementation date: June 2021

2.2 The UK-wide public information campaign successfully explained the new rules following the end of the Transition Period on 31 December 2020. According to the Office for National Statistics (ONS), the percentage of businesses not at all prepared for the end of the Transition Period (31 December 2020) was only 6% by the end of 2020.[3]

2.3 The ONS also found by 24 January 2021, half of businesses that are currently trading and have changed their supply chains, are using more UK suppliers[4].

2.4 As new rules have become a reality, and learning from experiences in January 2021, government

[3] ONS, Business Impact of Coronavirus (Covid-19) Survey, 14 January 2021
[4] ONS, Business Impact of Coronavirus (Covid-19) Survey, 28 January 2021

communication now aims to support businesses and citizens by giving more information on how to apply new rules, further limiting the impact of recent changes.

2.5 More changes will occur through 2021 so the national public information campaign will build up to a spike of communication activity ahead of known milestones, phased import controls being introduced from 1 October 2021, and the deadline for applying to the EU Settlement Scheme on 30 June 2021.

2.6 The campaign will also promote targeted actions to the public on travel to the EU, which will likely peak as COVID-19 travel restrictions are eased. This includes checking and renewing passports, travel insurance, and ensuring the correct documentation for driving and pet travel before departure.

3: PAC conclusion: ***Government continues to spend too much on consultants to undertake work that could be better done by civil servants, and does not do enough to utilise or develop skills and experience in-house.***

3b: PAC recommendation: ***Government should accelerate its plans to reduce its reliance on consultants. It needs better challenge of spending on consultants; clear plans to transition skills in-house where there isn't obvious business need for short-term staff; and then monitoring of progress both in terms of decreasing spending and increasing skills levels in the civil service.***

3.1 The government agrees with this recommendation.

Recommendation implemented

3.2 The government has established a programme to review each aspect of how the government engages with consultants. Rupert McNeil, Government Chief People Officer, is the Senior Responsible Owner (SRO) for the programme.

3.3 The programme covers:

- **Government Consulting Hub -** The programme has already begun to deliver a small number of strategy consulting projects to departments; offer senior level strategic advice for colleagues considering major programmes; a pilot triage service has been launched to provide earlier and more focused advice on consultancy demand; a cross-HMG network of practitioners of consultancy type work is being established to share ways of working, knowledge and lessons already learnt. All of these activities sit alongside the development of a HMG 'Knowledge Hub' to better generate, capture, retain and disseminate knowledge to ensure we re-use work we have paid for, start to equip ourselves to do more internally, and learn lessons and skills, and a new learning and development offer to sit within the Skills Curriculum

- **Controls -** Revised drafts of Cabinet Office controls are being prepared.

- **Playbook -** Creation of a Consultancy Playbook (as an addition to the Sourcing Playbook) which will set the bar of how we should use consultants better, and what we should expect from them. Market engagement is already underway. This will be published in May 2021.

Treasury Minutes Progress Reports Archive

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

Publication Date	PAC Reports	Ref Number
May 2021	Session 2010-12: updates on 1 PAC reports Session 2013-14: updates on 1 PAC reports Session 2014-15: updates on 0 PAC reports Session 2015-16: updates on 3 PAC reports Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 28 reports	CP 424
November 2020	Session 2010-12: updates on 1 PAC reports Session 2013-14: updates on 1 PAC reports Session 2014-15: updates on 0 PAC reports Session 2015-16: updates on 3 PAC reports Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 PAC reports	CP 313
February 2020	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 1 PAC reports Session 2014-15: updates on 0 PAC reports Session 2015-16: updates on 3 PAC reports Session 2016-17: updates on 14 PAC reports Session 2017-19: updates on 71 PAC reports	CP 221
March 2019	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 7 PAC reports Session 2016-17: updates on 22 PAC reports Session 2017-19: updates on 46 PAC reports	CP 70
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
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

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 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
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
February 2016	Session 2010-12: updates on 8 PAC reports Session 2012-13: updates on 7 PAC reports Session 2013-14: updates on 22 PAC reports Session 2014-15: updates on 27 PAC reports	Cm 9202
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
July 2014	Session 2010-12: updates on 60 PAC reports Session 2012-13: updates on 37 PAC reports	Cm 8899
February 2013	Session 2010-12: updates on 31 PAC reports	Cm 8539
July 2012	Session 2010-12: updates on 28 PAC reports	Cm 8387
January 2012	Session 2010-12: updates on 13 PAC reports	Cm 8271

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