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, 2019-21 and 2021-22

CP 549

November 2021

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, 2019-21 and 2021-2022

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Updates of the Government responses to the Committee of Public Accounts on Sessions 2010-12 to 2021-22

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, 2019-21 and 2021-22

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

This is the 15th edition in the series of progress reports since Session 2010-12. Further details of earlier responses to the Committee's recommendations can be found within the reports listed under the relevant reports heading for each report.

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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
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27	Charges for Customer telephone lines
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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 Minutes Progress Report: February 2020 (CP 221)
- Treasury Minutes Progress Report: November 2020 (CP 313)
- Correspondence published 30 June 2021

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (correspondence published 30 June 2021), the four recommendations below remain work in progress.

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 of Health and Social Care's (the department) 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. While the department is not currently negotiating reform of the full contract, it is progressing negotiations with the BMA and Hospital Consultants and Specialists Association (HCSA) to implement the new financial incentive scheme replacing local Clinical Excellence Awards (LCEAs). Regardless of the outcome of negotiations, reformed financial incentives 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 in areas such as delivering cost effective healthcare, developing a world class workforce and transforming services through innovation.

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. In September, the programme published eighteen new reports to contribute to restoring routine care.

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 specialities and individuals with the most onerous working patterns.

2.3 Although not currently progressing, the department continues 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 moving forward with negotiations on LCEAs to implement a new nationally agreed contractual financial incentive scheme with the trade unions. Proposals are being developed to revise local financial incentives, with the aim of linking this more closely to job plan objectives and good clinical outcomes.

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

4.4 Wider contractual reform to link pay progression more closely to performance is not currently progressing.

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 Proposals for a revised approach to local financial incentives, to be introduced from April 2022, are being developed and negotiated with the BMA and HCSA. The intention is to reward consultants who contribute the most, linking financial incentives to an objective based performance assessment process. The proposals also look to link financial incentives to the achievement of organisational objectives.

5.3 The department is committed to working with stakeholders to take forward the 2012 Review Body on Doctors' and Dentists' Remuneration (DDRB) report's recommendations on national CEAs. A consultation document published on 24 March 2021 set out proposed reforms to the national CEA scheme that aim to capture these recommendations and consider the views of other stakeholders and wider evidence (such as the recent Gender Pay Gap in Medicine Review). The consultation closed on 16 July 2021 and received over 400 responses from individuals, professional bodies, specialist societies and Medical Royal Colleges and Academies.

5.4 The new scheme should be fair, inclusive, and representative and the proposed changes include: increasing the number of new CEAs available by reducing their value, making them non-pensionable; removing time-based progression between award levels; changes to the domains for assessing applications; and removing the process for renewals.

5.5 In September 2021, the Advisory Committee on Clinical Excellence Awards Main Committee met, where views were sought on the proposed reforms. Ministerial agreement to the introduction of a reformed scheme will be submitted in November/December 2021 with the aim of introducing a new scheme in 2022.

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

Reports completed

#	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
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

Reports completed

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

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

Updates on reports with outstanding recommendations

Reports completed

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1	Efficiency in the criminal justice system
2	Personal budgets in social care
3	Training new teachers
4	Entitlement to free early years education and childcare
5	Capital investment in science projects
6	Cities and local growth
7	Confiscation Orders – progress review
8	BBC critical projects
10	NHS specialised services
11	Household energy efficiency measures
12	Discharging older people from acute hospitals
13	Quality of service to personal taxpayers and replacing the Aspire contract
14	Progress with preparations for High Speed 2
15	BBC World Service
16	Improving access to mental health services
17	Transforming rehabilitation
18	Better regulation
19	Analysis of the government's balance sheet
20	Shared service centres
21	Oversight of arm's length bodies
22	Progress with the disposal of public land for new homes

23	Universal Credit / Fraud and Error – progress review
24	Sale of former Northern Rock assets
25	Uniting Care Partnership contract
26	Financial sustainability of local authorities
27	Managing government spending and performance
28	Apprenticeship Programme
29	HM Revenue and Customs performance in 2015-16
30	St Helena Airport
31	Child protection
32	Devolution in England: governance, financial accountability and following the taxpayer pound
33	Troubled families – progress review
34	Syrian Vulnerable Persons Resettlement Programme
36	Collecting tax from high net-worth individuals
37	NHS treatment of overseas patients – progress update
38	Protecting information across government
40	Common Agricultural Policy Delivery Programme
41	Excess Votes 2015-16
42	Benefit sanctions
43	Financial sustainability of the NHS
44	Modernising the Great Western Railway
45	Delivering restoration and renewal
46	National Citizen Service
47	Delivering the Defence Estate
48	Crown Commercial Service
49	Financial sustainability of schools
50	UKTI and the contract with PA Consulting
51	HMRC’s contract with Concentrix
52	Upgrading emergency services communications - recall
53	HMRC estate
54	DFID: investing through CDC

55	Tackling overseas expenditure
56	Defence Equipment Plan
57	Capital funding for schools
58	Local support for people with a learning disability
59	BBC licence fee
60	Integration of health and social care
61	Access to general practice – progress review
62	NHS ambulance services
63	Housing – state of the nation
64	Carbon capture and storage

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)
- Treasury Minutes Progress Report May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation remained in progress and is implemented 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.

Recommendation implemented

3.2 In late June 2021, the outcome of the Future Defence Infrastructure Services (FDIS) contracts was announced. The National Accommodation Management Services (NAMS) contract was awarded to Pinnacle Group Ltd, while the Regional Accommodation Maintenance Services (RAMS) contracts were awarded to:

Northern:	Amey Community Ltd
Central:	Amey Community Ltd
South East:	Vivo Defence Ltd
South West:	Vivo Defence Ltd

3.3 Each contract will be for seven years, with options to extend by up to a further three years. The In Service Date for all contracts is 1 March 2022.

3.4 The new contracts have been developed with Service families firmly in mind. As such, they offer the opportunity to break decisively from the past and to build on the commitments made by all FDIS suppliers to innovate and deliver more responsive and flexible services to Service families, underpinned by the principle of collaboration from all parties. Contracted performance standards have been informed by industry best practice and include targets for customer satisfaction, with financial incentives to exceed the minimum contracted standards as well as loss of profit if they fall below.

3.5 Since the contract award, the Defence Infrastructure Organisation has been working closely with the new supply partners to transition smoothly from the National Housing Prime contract to FDIS. As throughout the procurement process, this work includes the single Services and Families Federations to ensure that all customer-facing activities deliver the intended changes and help enable the transformation of the housing services across the Service Family Accommodation estate.

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)
- Treasury Minutes Progress Report May 2021 (CP 424)

Update to the Government response to the Committee

Following the government’s last response to the Committee on this report: (CP 424 above), one recommendation remained in progress and is now implemented 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.

Recommendation implemented

1.2 A Full Business Case (FBC) was agreed by the users, Department for Health and Social Care, the Home Office and HM Treasury - final details being agreed with new Welsh and Scottish administrations. The Major Projects Review Group (MPRG) approved the business case in July 2021, allowing the programme to continue through to delivery. The FBC includes timescales and updated delivery milestones and transition plans have been fully refreshed in line with the FBC following extensive user engagement and includes the predicted Airwave switch off date.

1.3 An Independent Assurance Panel review confirmed the technical direction of the programme and recommended continuation. A letter has been received from policing supporting the programme – this is a clear indication that, provided service meets their requirements, policing will take the solution.

1.4 The Project Assessment Review by the Infrastructure Projects Authority (June 2021) graded the programme as amber, acknowledging challenges around Motorola but recommended continuation.

1.5 Seventy percent of the programme technology solution to start mass transition has already been delivered – covering the areas of technology delivery, including infrastructure, data centres and Kodiak application and network coverage (core coverage provided by EE and the provision of additional coverage in extended areas and the provision of coverage on the London Underground. A successful Transport for London Pilot was undertaken on the 12-14 July 2021 with users from across the 3ES conducting the testing. It assessed the extent of coverage on the pilot area for the London Underground, as well as confirm the ability to utilise ESN functionality). The remaining 30% of the programme to be delivered includes some large items – delivery of the core technology through the release of ESN Beta and ESN V1.0 and the completion of the London Underground coverage by end 2023. Mass transition from Airwave to ESN commences using ESN v1.0.

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)
- Treasury Minutes Progress Report: May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation below remained work in progress which is now implemented.

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.

Recommendation implemented

4.2 As we progress towards net zero, the government is committed to ensuring the costs of decarbonising the energy system are fair and affordable for all energy users. The government is considering both the benefits and the costs of different pathways and will work with industry and consumers to keep costs down.

4.3 As outlined in the Heat and Building Strategy, a Fairness and Affordability Call for Evidence will be launched to set out the options for energy levies and obligations to help rebalance electricity and gas prices and to support green choices, with a view to taking decisions in 2022.

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

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6	Growing threat of online fraud
7	Brexit and the UK border
9	Sheffield to Rotherham tram-trains
10	High Speed 2: Annual Report and Accounts
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49	Progress in tackling online VAT fraud
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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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation below remained in progress which is now implemented.

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.

Recommendation implemented

2.2 As the government progresses towards net zero, it is committed to ensuring the costs of decarbonising the energy system are fair and affordable for all energy users. The government is considering both the benefits and the costs of different pathways and will work with industry and consumers to keep costs down.

2.3 As outlined in the Heat and Building Strategy, the department will launch a Fairness and Affordability Call for Evidence to set out the options for energy levies and obligations to help rebalance electricity and gas prices and to support green choices, with a view to taking decisions in 2022.

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 Minutes Progress Report: November 2020 (CP 313)
- Treasury Minutes Progress Report: May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation below remained work in progress.

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 2022
Original target implementation date: September 2018

2.2 The continued rises in clinical negligence costs are unsustainable and government is committed to addressing this. These rises are despite the department's substantial patient safety programmes. In 2020-21 the total cost of clinical negligence claims managed by NHS Resolution was £2.2 billion. The Department of Health and Social Care (DHSC) is working with the Ministry of Justice, HM Treasury, Cabinet Office and NHS Resolution to understand the cost drivers and explore possible solutions.

2.3 The government and the NHS have taken significant steps forward. DHSC is considering the proposals of the Civil Justice Council on fixed recoverable costs for clinical negligence claims up to £25,000.

2.4 The NHS National Patient Safety Strategy was published by NHS England and Improvement in July 2019 with substantial programmes planned and underway to create a safety and learning culture across the NHS. During 2021, DHSC has established a cross-system National Patient Safety Programme Board, to strengthen oversight and governance of measures to improve patient safety and response to harm.

2.5 Maternity safety is a priority. DHSC has begun a £9.4 million Brain Injury Reduction Programme which pilots interventions to improve and standardise clinical processes to reduce birth-related brain injuries. A £95.6 million additional investment from NHS England and Improvement will support recruitment of a further 1,000 midwives, 80 consultant obstetricians, and further develop the workforce.

2.6 To further improve patient safety and address the rising costs of clinical negligence, the government announced in Spending Review 2020 that it will publish a consultation on next steps on these issues.

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)
- Treasury Minutes Progress Report: May 2021 (CP 424)

Update to the Government response to the Committee

An update to the government's last response to the Committee on this report (CP 424) had not been received at the time of publication.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), three recommendations remained work in progress, one of which is now implemented.

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 Currently, the UK Carrier Strike Group is mid-way through what is proving to be a very successful first deployment, clearly demonstrating the utility and flexibility of this national asset. This ambitious deployment has seen US Marine Corps F-35B Lightning aircraft operating seamlessly alongside the same UK aircraft, with the whole combined Group of ships, submarines and aircraft working flexibly with partner nations and key allies around the globe.

1.3 The (classified document) Carrier Enabled Power Projection (CEPP) policy statement from January 2018 remains the Ministry of Defence's (the department) articulation of its intent around how the carriers are to be employed and has driven planning direction for the current Carrier Strike Group deployment. The department continues to ensure that all plans for the carriers remain as flexible as possible, within the constraints of available resource. This was affirmed in the publication of the 2021 Integrated Review. Additionally, 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.

1.4 The department is continuing to work very closely with the US Navy 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, further enhancing its interoperability with other allied and partner navies.

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.

Recommendation Implemented

2.2. The department will write to the Committee as requested should unforeseen events in the manufacture of the Type 26 frigates introduce a risk of a capability gap.

2.3 The fleet of the future is planned and will be managed in such a way that it does not limit how the carriers are used. Carrier Strike Group operations are typically multi-national in nature; UK Frigates and Destroyers have routinely operated as part of a US Carrier Battle Group. The UK Carrier Strike Group deployment that is underway has already demonstrated that a task group can be configured according to the deployment aims and this approach will continue to be developed for future deployments regardless of the availability of other UK vessels.

2.4 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 up to five T32 frigates. All these capabilities have had their funding confirmed through the 2021 Integrated Review.

2.5 The department has a competition underway to build a class of three Future Solid Support (FSS) vessels. The FSS will ensure the Carrier Strike Group will be able to operate globally and independently of other nations' support creating a truly sovereign capability. Since the competition launch, four UK led bidders have now been awarded Competitive Procurement Phase (CPP) contracts to develop their designs and bid for final selection in spring 2023.

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 recommendation 3 of the progress update to the Twenty-Third report (2019-21) on Carrier Strike, the department continues to develop a fuller understanding of what Carrier Strike will cost to operate and support in the future; this is an ongoing process.

4.3 The Permanent Secretary wrote to the Committee on 18 December 2020 and provided provisional estimates for Carrier Strike support costs as agreed. This remains the latest assessment whilst more data is gathered.

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. This remains the case as the UK Carrier Strike Group deployment is currently underway.

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 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)
- Treasury Minutes Progress Report: May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), the recommendation below remained work in progress and is now implemented.

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.

Recommendation implemented

5.2 The department is committed to ensuring high-quality professional development for teachers. In June 2021 it announced an investment of an additional £250 million as part of the education recovery plan to provide 500,000 opportunities so that teachers can access world-leading training appropriate for whatever point they are at in their career.

5.3 The Early Career Framework (ECF) was rolled out in September 2021 as planned, following extensive engagement with school leaders across the country, and provides early-career teachers with a funded, two-year support package. Targeted early rollout took place in the North of England during the 2020-21 academic year.

5.4 Reformed National Professional Qualifications (NPQs) are being rolled out nationally in autumn 2021 and will drive up teacher quality by promoting great evidence-based teaching and leadership. The department has expanded funding of NPQs so that teachers and leaders in all state-funded school in England can access these qualifications for free.

5.5 The department has designated a national network of 87 Teaching School Hubs (TSH) that started delivery in September 2021. There is comprehensive national coverage so schools across England can access the high standards of expertise and delivering high-quality training and development that come from a Teaching School Hub.

5.6 The department also delivers targeted support through the Opportunity Areas (OAs) programme, investing in areas of low social mobility, including Bradford, Scarborough, Derby and Stoke-on-Trent. Projects delivered in the OAs over the last four years have been publicised in the recent Teacher Recruitment, Retention and Workforce Development Insight Guide.

5.7 The department is funding curriculum hubs to raise the quality of subject teaching and spread excellent practice. There are forty Maths Hubs across England, nineteen of which are in the Midlands and North. The English hubs programme includes £4.1 million for ten hubs in the North of England and £3.3 million for eight hubs covering the Midlands.

5.8 The department has implemented this recommendation and will continue to work to raise standards across all schools and specifically target interventions in the schools that need them most.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), four recommendations below remained in progress, all of which have now been implemented.

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.

Recommendation implemented

1.2 The Magnox Inquiry final report was published in March 2021 and the Department for Business, Energy and Industrial Strategy's (the department or BEIS) Departmental Review of the NDA was published in June 2021. The government published a combined response to the Inquiry and Departmental Review in July 2021, which included replies and commitments to the recommendations from BEIS, UK Government Investments (UKGI) and Cabinet Office. The NDA's own combined response was published alongside. Both the NDA and government responses were shared directly with the Committee by letter.

1.3 In the government's July 2021 response, the Cabinet Office describes how procurement methodology has been improved and advice updated in light of the recommendations. The findings of the Inquiry were common with commercial improvement areas that had been identified right across government. In response, the Government Commercial Function updated its evaluation guidance for complex procurements in May 2021. This guidance reinforces the requirement for robust evaluation processes that comply with the principles of transparency, non-discrimination, equal treatment and proportionality.

1.4 The NDA's July 2021 response included a substantial section on commercial and procurement practices, in which the NDA sets out how it has changed advice and guidance on how best to evaluate bids, including improvements in: simplification of competition rules; evaluation criteria; pass/fail criteria; scenario testing of award criteria; record keeping; training; and governance and assurance. It also highlights where further work is to be done.

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.

Recommendation implemented

3.2 The NDA wrote to the Committee in October 2021 in response to this recommendation. Much of the NDA's work is inherently uncertain, with many first of a kind projects. NDA remains committed to continually improving knowledge of the sites. Since the 2018 Committee hearing, several measures have been implemented:

- Further asset condition knowledge through improved asset management and development of good practice techniques.
- The use of new technology (drone surveys, Geographic Information System mapping, remote monitoring etc) to provide better insight into areas of the sites. This has drawn on technologies and learning from other sectors with common challenges.
- The Lifetime Plans are being progressively updated by the subsidiaries. These better reflect the latest knowledge of detailed conditions at each of the NDA's sites.
- A collaborative approach generated through the subsidiary model and the Group Leadership Team (GLT), which includes the CEOs of the subsidiaries, means that the collective knowledge of the group is greater and is subject to fewer internal barriers.
- The encouragement of greater resource mobility within the group. This in turn leads to better dissemination of knowledge and a greater appreciation of group challenges.

3.3 The introduction of the subsidiary delivery model has also minimised the direct exposure for the UK taxpayer to contractual claims resulting from uncertain scope.

3.4 The NDA routinely publishes a number of documents, which will progressively reflect this enhanced knowledge through routine updates, namely:

NDA Strategy
NDA Business plan
NDA Mission progress report
NDA Annual Report and Accounts

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.

Recommendation implemented

5.2 The department wrote to the Committee in August 2018 and May 2019, setting out the actions taken to review and strengthen the oversight of the NDA. The government's July 2021 combined response to the Magnox Inquiry and BEIS Departmental Review described how it will continue to strengthen oversight.

5.3 The BEIS Departmental Review recommended that the NDA continues to be a non-departmental public body with delegated operational independence and decision making. This separation of decision making from everyday government control remains important, but the NDA's high levels of public spending will always warrant government scrutiny. For that reason, the department will be taking a stronger interest in NDA target setting as well as improving the process for evaluating the performance of the NDA Chair. The department has strengthened the links between the NDA Chair and CEO and BEIS Ministers and senior officials.

5.4 Soon after his arrival in 2017, the NDA CEO increased the commercial expertise on the NDA senior team by the recruitment of a Commercial Director. This Director is Government-Commercial-Function accredited and has taken strides to strengthen the NDA's commercial capabilities, including:

- doubling the size of the NDA commercial team;
- introducing an enhanced commercial assurance process providing aligned and integrated assurance with BEIS and Cabinet Office; and
- rolling out additional specialist regulated procurement training.

5.5 The Commercial Continuous Improvement Assessment Framework was updated by the Cabinet Office in May 2021 to strengthen areas relevant to the findings of the Magnox Inquiry. It requires that organisations operate with "a commercial governance framework [that] defines roles and responsibilities for the strategic and operational management of commercial activity ".

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.

Recommendation implemented

6.2 As described above, the Magnox Inquiry final report was published on 4 March 2021 and the BEIS Departmental Review of the NDA was published on 21 June 2021. The government developed a combined response to the Magnox Inquiry and BEIS Departmental Review of NDA, which was published on 20 July 2021 and included commitments and responses to the recommendations from BEIS, UK Government Investments (UKGI) and Cabinet Office. The NDA has developed its own combined response which was published alongside the government response.

6.3 The department and NDA wrote separately to the committee in July 2021 sharing the published response documents.

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
- Treasury Minutes Progress Report: May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424) two recommendations below remained work in progress, one of which is now implemented.

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: Spring 2022
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 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. This data is published in the Government's Modern Slavery Annual Report.

1.4 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. Stakeholder engagement for the review is underway. Roundtables with key stakeholders were facilitated by the Modern Slavery Strategy and Implementation Group, in July 2021, with a further round planned for Autumn 2021. These sessions include discussion on governance, roles and responsibilities. The department plans to publish a new strategy in Spring 2022 and 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.

Recommendation implemented

4.2 The department has delivered significant reforms to the National Referral Mechanism (NRM), which have enabled it to collect data to better inform it of the crime and its victims. These include a digital referral form for first responders and an integrated digital system used by caseworkers in the Single Competent Authority (SCA).

4.3 The new Modern Slavery Victim Care Contract (MSVCC) includes a refreshed baseline set of Management Information (MI) requirements enabling greater reporting on destinations of victims following exit from the service. The MSVCC requires the supplier to collate more MI data around victims in support and those who have exited the service and/or are accessing Reach In support. (Reach In: is a new service which supports victims to access assistance as required after leaving the main support service. It is a flexible service based on needs, aiming to support a smooth transition into independent living.)

4.4 The department undertook user research, reaching out to survivors at multiple stages in their journey, including survivors who already exited the NRM, to gain an insight to survivors' experiences as they reintegrate into local communities. This will inform future transformation. The department will continue to consider access and use of data through the strategy review.

4.5 Following the launch of the MSVCC and NRM Transformation Programme, the department considers this recommendation to be implemented. The department will continue to work with the Modern Slavery Policy Evidence Centre (MSPEC) and the sector to encourage further research into longer-term outcomes for victims. In September 2021, MSPEC awarded c.£1 million funding to five research projects. These include work to improve the evidence base on long term outcomes and support for British nationals.

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)
- Treasury Minutes Progress Report: May 2021 (CP 424)

Update to the government response to the Committee

Following the government's last response to the Committee on this report: (CP 424), the three recommendations below remain work in progress.

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 implementation date: Autumn 2019

1.2 The government is committed to the delivery of world-leading health and social care across the whole of the UK, and the announcement on 07 September 2021 marked an important step on the journey to reforming adult social care.

1.3 The government has committed to investing an additional £5.4 billion over three years, which will allow a comprehensive programme of reform for adult social care to begin.

1.4 As well as protecting individuals from unpredictable costs, there will also be major improvements to the wider social care system in England. From 2022 the Department of Health and Social Care (DHSC) will be providing funding and will take steps to ensure that Local Authorities move towards paying providers a fair rate for care. This will help make arrangements fairer and also help improve sustainability and quality. The fair rate for care will vary across the country: local authorities will remain responsible for managing their local care markets and determining fee rates.

1.5 The package also includes an unprecedented investment of at least £500 million in new workforce measures over three years, including providing support in professionalising and developing the workforce and funding mental health wellbeing resources and providing access to occupational health funding.

1.6 The package of reforms will also enable investment in the Disabled Facilities Grant and supported housing, allowing people to live independently for longer.

1.7 The department will work with care users, providers, and other partners to co-develop more detail on these plans and publish further detail in a White Paper for reform later this year.

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 On 07 September 2021, the government announced an investment of at least £500 million for new measures over three years to provide support in professionalising and developing the workforce, including hundreds of thousands of training places and certifications for care workers and professional development for the regulated workforce.

4.3 The government recognises that ensuring the country has a workforce with the right values, skills and knowledge, and with real prospects for career progression, is essential if a high-quality service is to be provided for all those who have need of care services.

4.4 The government will work with care users, providers and other partners to co- develop more detail on the plans for reform of adult social care that and will publish the strategy for the social care workforce in a reform White Paper later this year.

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: by the end of 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 currently funds Skills for Care to support recruitment, retention, and workforce development, including the £12 million (2020-21) Workforce Development. In 2021 the department also gave local authorities an additional £120 million in 2020-21 to support the sector with its staffing capacity.

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 20/21 emphasised the need for closer partnership at every level in order to ensure social care has the support it needs.

5.5 The government recently announced that it will invest at least £500 million in new measures over three years to support professionalising and developing the social care workforce, fund mental health wellbeing, and introduce further reforms to improve recruitment and support for the social care workforce.

5.6 The details, setting out a plan to support professional development and the long-term wellbeing of the workforce, will be brought forward in a White Paper, anticipated to be published before the end of 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-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

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- 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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

An update to the department's last response to the Committee on this report (CP 424) had not been received at the time of publication.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government’s last response to the Committee on this report: (CP 424 above), two recommendations below remained work in progress.

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: Summer 2023
Original target implementation date: November 2018

1.2 Following the completion of the on-site inspection of properties across the 27 defence sites in late 2019, the department and Annington Property Limited (APL) were unable to agree a number of elements of the valuation and proceeded to a process of binding arbitration for the 27 representative sites. The hearing on the first four of these sites concluded on 14 July 2020. Hearings for the second batch of 8 sites concluded in March 2021.

1.3 The Average discount for the first 12 sites after arbitration will move from 58% to 49% which would represent an increase of £39 million on total rent per annum based on today's discount and number of properties if extrapolated. The increase in costs will be mitigated in part by reduction in number of void properties. The 49% compares favourably to 37.5% which was anticipated by Annington in their bond prospectus in 2017.

1.4 Further to an application by Annington, which was opposed by the department on the grounds of time and cost, the arbitral panel has determined that the arbitration of the remaining sites is to be staggered, with a third set of hearings in May 2022 and the final batch determined in early 2023.

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%) as of April 2019 to 9,699 (19.8%) at September 2021. This remains approximately 5,000 properties above the target rate of 10%. The speed of the reduction has been impacted by:

- continued decline in take-up of service family accommodation (SFA), driven by the Forces Help to Buy Scheme, enabling over 20,000 Service Personnel to purchase their own homes,
- the 3-month freeze on Service Personnel assignments as a result of COVID-19, affecting the pace of disposal of properties, and
- COVID-19 related government guidance on the issue of notices to vacate to civilian sublet tenants.

5.3 The Void Reduction Plan is enabling the reduction of vacant properties by increasing the number of hand-backs to Annington, meeting a housing demand from eligible service personnel, and a short-term sub-let programme. Separately, the department is contributing to wider government housing requirements, including Afghan Relocation and Assistance Policy.

5.4 The disposal of some SFA is dependent on wider defence estate rationalisation and any delays to this may impact adversely on planned disposal dates.

5.5 The department is currently refreshing its accommodation strategy and will use that opportunity to inform a new void reduction date target. The department intends to publish the strategy by the end of December 2021 and will write to the Committee with the specific void reduction date at that point. 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)
- Treasury Minutes Progress Report: May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation below remains work in progress.

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.

Revised target implementation date: March 2023
Original 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 then focused on turning all contract management training and accreditation into online accessible courses.

8.3 Training was reintroduced virtually in December 2020 and there are over 1,000 Silver and Gold contract managers in training. In addition, there are now over 17,000 bronze contract managers accredited or in training. Departments are revisiting their plans in order to train and assess all contract managers by March 2023. The plans will be reviewed at the Civil Service Board in November 2021 and support will be sought to resource the programme teams and ensure contract managers are put forward for training in the timescales required.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

An update to the government’s last response to the Committee on this report (CP 424) had not been received at the time of publication.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), two recommendations below remained work in progress, both of which are now implemented.

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.

Recommendation implemented

4.2 The Magnox Inquiry final report was published in March 2021 and the Department for Business, Energy and Industrial Strategy (BEIS) Departmental Review of the Nuclear Decommissioning Authority (NDA) was published in June 2021. The government published a combined response to the Inquiry and Departmental Review in July 2021, which included replies and commitments to the recommendations from BEIS, UK Government Investments (UKGI) and Cabinet Office. The NDA's own combined response was published alongside. Both the NDA and government responses were shared directly with the Committee.

4.3 The Departmental Review recommended that NDA continues as a non-departmental public body with delegated operational independence and decision making. This separation of decision making from everyday government control is important, but the NDA's high levels of public spending will always demand government scrutiny. For that reason the department will be taking a stronger interest in NDA target setting as well as introducing an improved process for evaluating the performance of the NDA Chair. It has strengthened the links between the NDA Chair and CEO and BEIS Ministers and senior officials.

4.4 The recent appointment of the Sellafield CEO to the NDA's Group Leadership Team, and the attendance of BEIS and UKGI at Sellafield's quarterly accounting officer reviews, will generate more direct visibility of the subsidiary to government.

4.5 The NDA's July 2021 response included substantial sections on governance, interfaces, risk and assurance. It sets out how oversight and assurance have been, and will continue to be, strengthened since the Committee hearing of 2018. The NDA provided further information directly to the Committee in October 2021.

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.

Recommendation implemented

5.2 The department wrote to the Committee in August 2018 and May 2019, setting out the actions taken to review and strengthen the oversight of the NDA.

5.3 The Magnox Inquiry and the Departmental Review collectively provide insightful considerations and a wide spectrum of helpful recommendations for further improvements to NDA oversight. The Departmental Review noted that "…the current shared oversight arrangements broadly work but could be…made more effective…".

5.4 In the July 2021 government response, the department accepts that there is room for improvement, noting that the function has already been enhanced significantly since the time of the Magnox procurement. The department believes that UKGI brings valuable corporate finance and corporate governance skills, performs effectively as the department's Shareholder representative at the NDA Board, and provides high-quality advice in relation to performance monitoring, thereby adding valuable capabilities to those of the BEIS sponsorship team.

5.5 Further improvements will be made to enhance the oversight function in order to provide a more focused service to the NDA:

- The BEIS NDA Sponsorship team will have a dedicated Senior Civil Servant to lead it and strengthen the interactions with UKGI and the NDA senior team.
- The BEIS NDA Sponsorship team will be grown and enhanced in order to more efficiently respond to NDA interactions and better access support from the UKGI team. It will also take on a dedicated project and programme management office to manage and track BEIS' interactions.

In the department's July 2021 letter to the Committee, it committed to write again by the end of 2021, with a detailed description of these improvements.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation below remained work in progress.

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 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 outside of the funding formula to forces for year 3 are being considered in the context of the 2021 Spending Review.

3.3 The government has acknowledged that the current funding formula is out of date. The Minister for Crime and Policing has publicly committed to reviewing the formula before the next General Election. The department has begun engagement with the policing sector as it initiates the undertaking of a review. The government has committed that any new formula would be subject to a full public consultation.

3.4 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.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

An update to the government's last response to the Committee on this report (CP 424) had not been received at the time of publication.

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)
- Treasury Minutes Progress Report: May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation below remains work in progress.

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: Autumn 2021
Original target implementation date: January 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, ensure that the Ministry of Defence's (the department) budget matches ambition and addressed the financial pressure reported in previous equipment plan reports. The Defence Secretary set out the details for Defence on 22 March 2021 in the Command Paper Defence in a Competitive Age.

1.3 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.

1.4 The department wrote to the Committee on 22 June 2021 and 14 September 2021 with further details of the investments and savings taken through the Integrated Review.

Eighty-First Report of Session 2017–19

Department for Transport

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation below remained work in progress and is now implemented.

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.

Recommendation implemented

1.2 The government acknowledges the fundamental problems with the current sector model, commissioning Keith Williams to carry out a root-and-branch review of the railways in 2018. The resulting white paper, Great British Railways: Williams-Shapps Plan for Rail, published May 2021, contains recommendations to deliver vital reforms. The government remains committed to delivering wholesale reform of the rail industry, putting passengers first, addressing lack of accountability, fragmentation and ensuring financial sustainability in light of COVID-19 pandemic.

1.3 A new body, Great British Railways (GBR), will provide unified leadership across the rail network and a single point of operational accountability. GBR will own the infrastructure, collect fare revenue, run and plan the network, set the timetable and most fares.

1.4 Ministers will have strong levers to hold GBR to account, including statutory powers and the ability to issue binding guidance setting direction for the railway - ensuring GBR provides value for taxpayers, delivering for passengers and freight customers.

1.5 The Rail Transformation Programme within the department is working with the sector to design and implement this major project. As a respected leader in the sector, Andrew Haines has established the GBR Transition Team, which is collaborating with and drawing in expertise from across the sector to create GBR. This is alongside his role as CEO of Network Rail. The government will launch a public consultation ahead of introducing the necessary legislation to parliament to enable GBR to become fully operational.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation below remained work in progress.

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: October 2022
Original target implementation date: March 2020

2.2 The full roll-out of Atlas has been delayed, primarily as a result of the impact of the COVID-19 pandemic (as previously reported), but latterly also due to complexity around Management Information (MI) reporting which has extended the dual running of the legacy Case Information Database (CID) and new Atlas caseworking systems. Whilst dual keying of case/person data across both systems ensures continuity of reporting and Immigration Status, it has nonetheless added complexity to the development of reporting from Atlas, although operational delivery of new Atlas products and functionality into live service has continued.

2.3 In terms of addressing data quality issues, the department continues to look at options for automation of data assurance and has also put in place a data governance and team structure to oversee data quality and consistency in the new systems.

2.4 Standards around data migration and case creation within Atlas, and the Person Centric Data Platform, continue to be enforced to ensure corrupt or inaccurate data does not get into the system. This builds upon work already done by the team to detect and correct corrupt or inaccurate data from CID, on which the department has previously updated the Committee.

2.5 In preparation for Atlas replacing the Case Information Database as the System of Record (from early/mid 2022), work has begun to ensure that Atlas becomes the Primary Case and Person record for the purposes of MI and Immigration Status reporting. This work will also ensure that outstanding in-progress CID cases can be processed within Atlas, once CID is decommissioned.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

An update to the government's last response to the Committee on this report (CP 424) had not been received at the time of publication.

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 Progress Report: February 2020 (CP 221)
- Sir Tony Redmond's independent review: Local authority financial reporting and external audit: September 2020
- Treasury Minutes Progress Report: November 2020 (CP 313)
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Correspondence to the Committee – 18 June 2021

Update to the government response to the Committee

Following the government's last response to the Committee on this report: (CP 424) and correspondence update on 18 June 2021, three recommendations are implemented.

Recommendation 1 was updated in June 2021 when the Department of Health and Social Care and Ministry of Housing, Communities and Local Government (now the Department for Levelling Up, Housing and Communities (DLUHC)) implemented this recommendation. It is recorded here for information.

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 and DHSC 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 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 MHCLG has responded to these by commissioning rapid reviews in both bodies. Taken together these measures set clear expectations in response to this recommendation.

1.4 The University Hospitals of Leicester NHS Trust 2019-20 Annual Report and Account is yet to be completed and published. The work of the Trust and its external auditor has identified significant weaknesses in internal control, including financial governance. Detailed work to review the accounts and accounting records for 2019-20 led to significant concerns being raised by the auditor, including deficiencies in financial systems and control, governance and financial reporting, in particular the use and authorisation of journals in the accounting ledger.

1.5 In December 2020 the Trust assessed that the weaknesses in underlying accounting records mean that the Board is currently unable to certify that the annual accounts are true and fair. As a consequence, the external auditor cannot issue an audit report. The Trust is commencing work to review and assure itself over the accuracy of its accounting records and intends to prepare revised 2019-20 accounts in March 2021.

1.6 As an update to its original response on recommendation 1, the Department of Health and Social Care (DHSC) would like to confirm to the Committee that the Trust entered the Special Measures for Finance regime in August 2020. This includes the appointment of a Financial Improvement Director to the Trust, senior monthly oversight meetings, external review of the finance function, and board development.

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.***

DLUHC response

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 MHCLG (now DLUHC) 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 including lessons that can be learned from recent statutory and non-statutory interventions.

2.3 DLUHC 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 2020. In an update to the Government's initial response to the Redmond Review, published on 19 May, and subsequent consultation which ran from 28 July – 22 September, DLUHC proposed the intention that the Audit, Reporting and Governance Authority (ARGA), would take on the role of the new system leader, and that the new system leader would have responsibility for delivering an annual report to Parliament that, among other things, to report to DLUHC on the state of the local audit market, as well as to inform DLUHC's stewardship of the local government accountability framework. This will include detail summarising the results of audits, similar to Public Sector Audit Appointments Ltd's previous reporting, as well as identifying emerging themes and issues facing local bodies, although the exact scope of this is subject to consultation and further work.

DHSC response to recommendation 2 was provided in February 2020 progress report where it recorded this recommendation as implemented.

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.

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***

DLUHC response

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 In the previous response Treasury Minutes Progress Report: November 2020 (CP 313)

The MHCLG (now DLUHC) 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 with the most recent Accountability Officer's System Statement published in November 2020, which includes text at paragraph 4.4 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 DLUHC and 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 the department is currently consulting on amending the audit deadline and are 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 Para 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 DLUHC 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

At the time of publication an update had not been received from the Department of Health and Social Care to the last response provided in May 2021 which is set out below for reference.

5.7 The government agrees with the Committee's recommendation.

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

5.8 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.

5.9 The department's revised Accounting Officer System Statement, which is in draft and is due to be published in May, expands upon the use of the assurance provided by local auditors, including signposting the guidance that NHS England & Improvement has in place for how bodies should respond to the findings of local auditors. It also lists the areas falling outside the scope of the NAO's Code of Audit Practice, but where local auditors provide assurance to the audited body. The section on Sustainability and Transformation Partnerships and Integrated Care Systems has been updated to refer to the documents which set out the oversight requirements in these areas.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

An update to the government's last response to the Committee on this report (CP 424) had not been received at the time of publication

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

An update to the government's last response to the Committee on this report (CP 424) had not been received at the time of publication.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), three recommendations remained work in progress, all of which are now implemented.

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.

Recommendations implemented

2.2 In its previous response to the Committee, the Ministry for Housing, Communities and Local Government (MHCLG or the department) **(now known as the Department for Levelling up, Housing and Communities (DLUHC)** noted that Sir Tony Redmond's report 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 The review acknowledged that the new Value for Money (VfM) reporting requirements in the code would be helpful in this respect, and 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.

2.3 The government published an update to its initial response to the Redmond Review on 19 May 2021: Local authority financial reporting and external audit spring update, which endorsed the new Code of Audit Practice, and agreed with Sir Tony's proposal that the new system leader should undertake a post implementation review to assess whether these changes have led to more effective external audit consideration of financial resilience and value for money matters. The government published a consultation on these proposals on 28 July proposing that the new system leader, the Audit, Reporting and Governance Authority (ARGA), should conduct a full post implementation review to assess whether changes to the Code of Audit Practice have led to more effective external audit consideration of financial resilience and value for money matters two years after its introduction

2.4 The 19 May 2021 report also set out expectation that the new system leader, as well as existing stakeholders, should look at whether there are opportunities to reduce some of the accounting and audit requirements where these relate to areas of less risk to local bodies. The intention would be to ensure that local authority accounts and the statutory audit are proportionate, noting that they need to be consolidated into the Whole of Government Accounts, prepared in accordance with International Financial reporting Standards, and meeting the necessary standards of reporting and scrutiny.

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.

Recommendation implemented

5.2 MHCLG (now DLUHC) 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.

5.3 The department recognised the need to give renewed rigour to the LGA's Corporate Peer Challenge (CPC) programme, and in April 2021 finalised an agreement with the LGA which will see the timely publication of CPC reports and action plans published following completion of reviews and confirm that follow-up activities are monitored and reported on publicly. The LGA publish an annual report on the sector improvement work they carry out. The most recent, Sector-led improvement in 2020/21, was published on 21 June 2021. The 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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), two recommendations below remained work in progress.

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 has set out a longer-term vision in a five-year plan with refreshed benefits strategy that has been approved by HM Treasury. Funding for the plan is subject to the 2021 spending review, which once confirmed will enable the level of ambition to be set.

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 set out its new business case and reviewed the benefits realisation strategy. This has 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 is building on what has been achieved and where there are 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. The department has therefore gone further than the recommendation by clearly setting out expectations to improve the achievement rates of BAME apprentices, and apprentices with a declared disability, learning difficulty, or health problem.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation below remained work in progress.

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: Winter 2021
Original target implementation date: March 2021

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

1.3 The Cabinet Office (the department) has continued to lead planning for a long-term, coordinated, and whole of government approach for cyber security post-2021. The Integrated Review (IR) set a goal to cement the UK's position as a responsible and democratic cyber power, to be a country that is able to realise the opportunities of digital technology for its economy and citizens. The IR recognises the need to keep adapting, innovating and investing to ensure the UK's competitive edge is maintained.

1.4 To deliver against this goal, the government will publish a new National Cyber Strategy supported by a new transformational programme of activity, following the Spending Review 2021. The Strategy will be centred around five main aims:

- **Strengthening the UK cyber ecosystem,** investing in people and skills and deepening the partnership between government, academia and industry
- **Building a resilient and prosperous digital UK**, reducing cyber risks and ensuring citizens feel safe online and confident that their data is protected
- **Taking the lead in the technologies vital to cyber power**, building industrial capability and developing frameworks to secure future technologies
- **Advancing UK global leadership and influence** for a more secure, prosperous and open international order, working with government and industry partners and sharing the expertise that underpins UK cyber power
- **Detecting, disrupting and deterring adversaries** to enhance UK security in and through cyberspace, making more integrated, creative and routine use of the UK's full spectrum of levers.

1.5 Cabinet Office is also working on the first ever Government Cyber Security Strategy that will shape and drive long term cyber security improvement across the public sector.

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)
- Treasury Minute update: Correspondence dated 21 July 2021

Update to the Government response to the Committee

An update to the government's last response to the Committee on this report (sent directly to the Committee on 21 July 2021 and laid out below for reference) had not been received at the time of publication.

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 2022
Original target implementation date: April 2020

1.2 The Clinical Review of Standards was commissioned by the Former Prime Minister to clinically review the performance standards used in the NHS in England and recommend any updates and improvements to these standards. Following the publication of its interim report in March 2019, NHS England and NHS Improvement began testing across all standards to understand the impact of the proposals to help determine possible approaches for national implementation.

1.3 The NHS response to COVID-19 and changes to public health seeking behaviour has meant that the national picture for elective care is very different from before the pandemic. As a result, the elective care element of the review was extended to better take account of this.

1.4 The NHS has been dealing with the unprecedented emergency response to Coronavirus since early 2020. Whilst good progress was made to rapidly restore services following Wave 1 of the pandemic, the ongoing situation has meant it has been extremely challenging to maintain historic levels of elective treatment throughout the whole period. This has also impacted on waiting times for routine cases. The pattern of referrals for 2021-22 is uncertain, depending on future COVID demand on hospitals, as well as the extent to which the lower number of referrals seen during the pandemic results in higher levels going forward. The government have made an additional £1bn available to aid the start of the recovery of elective activity, and the NHS planning guidance for the first half has set out how this will be used to prioritise patients with highest clinical priority, then those with the longest waits, while focusing on reducing health inequalities.

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 2022
Original target implementation date: Autumn 2019

2.2 The interim report on the clinically-led review of NHS access standards was published in March 2019. NHS England and NHS Improvement began testing across all standards and progress was made in understanding the impact of the proposals to help determine possible approaches for national implementation.

2.3 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 implementation of the NHS Long Term Plan which encompasses commitments on waiting time standards. Progress against these objectives will be reviewed as part of the SoS’s duty, to set out in a letter his assessment of NHSE performance.

2.4 The NHS has been dealing with the unprecedented emergency response to Coronavirus since early 2020. Whilst good progress was made to rapidly restore services following Wave 1 of the pandemic, the ongoing situation has meant it has been extremely challenging to maintain historic levels of elective treatment throughout the whole period. This has also impacted on waiting times for routine cases. The pattern of referrals for 2021-22 is uncertain, depending on the extent to which the lower number of referrals seen during the pandemic results in higher levels going forward. The government have made an additional £1 billion available to aid the start of the recovery of elective activity, and the NHS planning guidance for the first half has set out how this will be used to prioritise patients with highest clinical priority get treated, then those with the longest waits, while focusing on reducing health inequalities.

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: April 2022
Original target implementation date: April 2020

3.2 The interim report on the clinically-led review of NHS access standards was published in March 2019.

3.3 However, COVID-19 then delayed the planned development of elective standards. The unprecedented pressures on the system, including the pause to elective activity, caused significant delay and disruption. The NHS remains focussed on delivering acute COVID care, urgent and emergency care, delivering the vaccine, and increasing levels of routine care as quickly as possible. Any future recommendations for changes to the current standards for elective care will include learning from the recovery of elective waiting times.

3.4 The government will set a clear direction of travel on waiting times standards at an appropriate time during the 2021-22 financial year, aligned to the longer-term recovery strategy for elective care and supported by appropriate funding through the Spending Review.

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 Following the emergency response to the pandemic, a priority for the NHS is to restore elective services and diagnostics, a key component of the 2021-22 planning guidance and system plans (referred to in recommendation 2).

5.3 A review by Professor Sir Mike Richards on diagnostic capacity was published on 1 October. 2020. An implementation plan has been developed and supported by a £325 million capital funding allocation in the Spending Review concluded in November 2020.

5.4 The NHS bed base has been impacted by the response to the COVID-19 pandemic with separation of care pathways to accommodate enhanced infection and prevention (IPC) control measures, social distancing and prevent nosocomial infection. Additionally, staff and resources have been diverted to support critical care, which decreased available beds for general and acute patients with a reduction in available staff to support such patients, particularly for lower priority elective procedures.

5.5 In the short term the NHS remains focussed on maximising bed capacity through safe and efficient discharge processes and reducing long length of stay.

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: Autumn 2021
Original target implementation date: September 2019

6.2 Progress was being made in 2019, pre-pandemic, with the NHS moving towards a systems-based approach.

6.3 However, future demand for elective services has been significantly affected by the COVID-19 pandemic and therefore will differ from the trends seen in pre-COVID-19 times (e.g. through changes in health seeking behaviour, increased waiting times for routine care, chronic conditions and other social/economic effects). We have made available modelling tools – including the Planned Care Tool and Integrated Planning Tool – to support Systems and Trusts to undertake demand planning. Furthermore, we are investing up to £160 million to support 13 accelerator systems to pilot innovative methods of addressing the backlog, including through demand management approaches, the learning from which will be shared with all systems and providers nationally.

6.4 There is a national and regional infrastructure in place to support elective recovery; this means that new insights and analysis that help better understand the demand for care can be easily shared by local teams.

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: Autumn 2021
Original target implementation date: December 2019

7.2 The NHS has delivered and sustained a step change in access to telephone and video outpatient consultations. This has seen around a third of all outpatient attendances delivered remotely since April 2020, supported by the roll out of video consultations in all NHS secondary care providers. Evaluations have pointed to high levels of patient and clinician satisfaction with remote consultations, and these approaches have also protected patient access to care during a period of social distancing. Further work to optimise the delivery of remote consultations for patients and clinicians, including specialty specific and tailored patient group guidance, is planned for 2021-22.

7.3 The challenge of COVID-19 has compelled the NHS to make the best use of people's skills and experience to provide the best possible patient care. Throughout the pandemic, the NHS has seen the workforce evolve their ways of working and this has been made possible by good communication, high levels of trust, distributed leadership and rapid decision making. All partners must build on this momentum to transform the way organisations and systems work together, and how care is delivered for patients. NHS England and NHS Improvement will continue to invest in workforce growth, while Health Education England increases investment in the skills and training that staff need to transform care pathways, supported by the NHS People Plan.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation below remained work in progress.

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: Spring 2023
Original target implementation date: September 2019

1.2 The parties (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. Hearings for a second batch of eight sites were held in the spring of 2021, with the outcome received in July 2021.

1.3 The Average discount for the first 12 sites after arbitration will move from 58% to 49% which would represent an increase of £39 million on total rent per annum based on today's discount and number of properties if extrapolated. The increase in costs will be mitigated in part by reduction in number of void properties. The 49% compares favourably to 37.5% which was anticipated by Annington in their bond prospectus in 2017.

1.4 Further to an application by Annington, which was opposed by the department on the grounds of time and cost, the arbitral panel has determined that the arbitration of the remaining sites is to be staggered, with a third set of hearings in May 2022 and the final batch determined in early 2023.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), the one recommendation below remained work in progress.

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: Spring 2022
Original target implementation date: October 2019

3.2 In Strengthened Local Enterprise Partnerships, the government announced that each Local Enterprise Partnership (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 (now known as Department for Levelling up, Housing and Communities (DLUHC)) 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 area of the country where overlapping geographies remain (Stoke-on-Trent and Staffordshire, Worcestershire, Greater Birmingham and Solihull LEPs).

3.4 The department withheld additional capacity funding from those LEPs with overlaps.

3.5 The DLUHC will continue to work closely with local partners to resolve overlaps, particularly as part of the ongoing review of Local Enterprise Partnerships, announced in the March 2021 Budget.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), two recommendations below remained work in progress, one of which is now implemented.

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: Dec 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 Scope of ESN has been confirmed to ensure the programme delivers a solution that is operationally safe and secure. Progress is as follows:

- The Programme have agreed the functional scope with user representatives on the programme and they are now progressing through their formal governance.
- The collaboration and reviews undertaken to date do not suggest any issues arising that will result in changes to the scope on which our delivery plan is based.
- The Programme have agreed with users that the scope of ESN with be re-baselined at the Programme Board in October 2021. This excludes the scope relating to network coverage.
- Simultaneously work is underway with users on their Service Acceptance criteria. Police have a final draft of their acceptance criteria which they are taking through governance. The current outlook for completion is by end of 2021 for all the Emergency Services. This reflects the need for rigour in their approach rather than specific issues. Upon agreement the programme and services will have clarity on the how ESN will be accepted into operational use.
- There is one outstanding area of scope that isn't yet finalised which is the amount of additional network coverage (above that which is already contracted) which is required to be in place before users commence transition (from Airwave to ESN). We have done extensive modelling of the likely scale of this work and have an outline approach agreed with users over the coming months.

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.

Recommendation implemented

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 programme, working with the Home Office and wider government colleagues, has reworked and revised the Full Business Case (FBC) and has done so in collaboration with users and built-in contingency to deliver the programme. The programme secured approval for the FBC through the Major Projects Review Group (MPRG) in July 21 and is in the process of obtaining the balance of funding for Financial Year 2021-22 and confirming remaining funding through the spending review 2021.

6.5 The FBC has been independently validated by the Independent Assurance Panel.

6.6 There are contingencies built into the timeline to allow for normal fluctuations and this has the support of all parties. The priority is the right balance between credible plans that have user confidence and the need to deliver as quickly as possible to enable the shut-down of Airwave. The point at which continuing to spend money on ESN ceases to be value for money and is set out in the FBC.

6.7 An Addendum for the Contingency Options for the identified Motorola non delivery to time, cost or quality, was contained in the MPRG papers along with triggers for these. Plan B options have been matured into a set of three specific contingency options around the Push To Talk app, the core network / data centres, and the service/support model. Sufficient funding had been set aside for Financial Year 2021-22 so these can be developed at pace during the rest of 2021. Key decision points for major investment will be in early 2022, and at that point decisions on which contingency options (if any) to exercise will be taken.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation below remains work in progress.

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: Autumn 2021
Original target implementation date: September 2020

7.2 The Ministry of Housing, Communities and Local Government (now called the Department for Levelling Up, Housing and Communities) defined the terms 'homes' and 'new affordable homes' in its update to the Public Land for Housing Technical Handbook in February 2020, as noted in previous Treasury Minutes Progress Reports (CP 313 and CP 424 listed above).

7.3 The publication of management information on programme performance was addressed in CP 424. The department will shortly publish 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 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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), the two recommendations below remain work in progress.

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 Ministry of Housing, Communities and Local Government, (now known as the Department for Levelling up, Housing and Communities (DLUHC)) 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 commence later this year and be completed by early 2022.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

An update to the government's last response to the Committee on this report (CP 424) had not been received at the time of publication.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424), two recommendations below remained work in progress.

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: Autumn 2021
Original target implementation date: Summer 2020

3.2 Owing to the COVID-19 public health and economic emergency, Spending Review 2020 provided a one-year settlement. Therefore, the Home Office's (the department) ability to provide multi-year certainty was limited. The department will continue to develop a multi-year funding model through the wider Serious and Organised Crime reform programme, and this was addressed in the department's Spending Review bid to HM Treasury in mid-September 2021. In the interim, the department is looking 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: Spring 2022
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 has reviewed and updated the NCA's annual Strategic Priorities, through which the Home Secretary sets 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 was to launch a consultation to revise the Policing Protocol, which will help to provide greater clarity around roles and responsibilities in policing. The consultation will be launched in due course, subject to Ministerial agreement.

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

Updates on reports with outstanding recommendations

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)
- Correspondence to the Committee – April 2021

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 313) and correspondence of April 2021, the recommendations below had all been implemented by May 2021. Below is a copy of the update for reference.

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.

Recommendation implemented

1.2 The department has undertaken its review of NHSPS and is seeking, with NHSE&I, to more closely align the company with local NHS structures and the requirements of the NHS Long Term Plan. NHSPS itself has already made a number of structural changes to support these objectives, such as the realignment of its eight regional teams to seven regional teams, to match the seven regional NHSE&I teams; and is updating its business strategy accordingly.

1.3 The findings of this review were published on 24th September 2020.

1.4 All of the recommendations in Committee's report have been addressed as part of this review and the department and NHSPS' Occupancy & Debt Programme.

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.

Recommendation implemented

2.2 The department worked closely with NHSE&I and NHSPS to agree an action plan to address the level of debt, increase the number of occupancy details agreed and clarify the process for making changes to tenancy and billing arrangements. A joint letter from the department and NHSE&I setting out these measures was issued to NHS Commissioners and Providers on 24th February 2020.

2.3 As part of this action plan NHSPS carried out a programme of work to have occupancy details agreed for 90% of its tenants for the 2020-21 financial year. At 31st March 2020, NHSPS had occupancy details agreed for 91.3% of its tenancies (95% at the time of writing), and therefore has exceeded the target committed to at the September hearing.

2.4 NHSPS has continued its "check in process" for 2020-21, the process whereby it meets with tenants to discuss and agree their Annual Charging Schedules for the year.

2.5 The department continues to convene a monthly Programme Leadership meeting and Escalation Group meeting with NHSE&I and NHSPS to oversee the joint plans to agree occupancies and the reduction in debt.

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.

Recommendation implemented

3.2 The department together with NHSE&I agreed that NHSPS should target stabilising the debt position (at or below the £576 million reported as at 31st March 2019). Despite the challenges that arose in resolving these matters related to the impact of COVID 19 in spring

2020, NHSPS achieved this target during April 2020 and is on track to report a reduced level of debt at the end of the 2020-21 financial year.

3.3 The department and NHSE&I issued joint system communications in February 2020 to NHS Finance Directors setting out the responsibilities of both NHS bodies and the DHSC Property Companies ahead of the year end. This included the requirement that “NHS-body debtors are asked to agree settlements of pre-2019-20 balances as soon as practicable and in any event by 31 March 2020, and to approach this pragmatically.”

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.

Recommendation implemented

4.2 The department, NHSE&I and NHSPS have jointly developed a new policy to share the net proceeds of disposals of surplus assets with local health economies. This will ensure that decisions regarding release of NHSPS surplus sites are better aligned and that the local health economies see this benefit more directly in the context of other current capital investment priorities in the health system.

4.3 The department continues to set 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 i.e. 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.

Recommendation implemented

5.2 This recommendation is addressed as part of the formal process of agreement of occupancy details, and progress has been noted in recommendation 2. The department funds NHSE&I via the mandate who in turn fund commissioners based on population need. The funding of all property costs is part of the costs of delivering local services.

5.3 Charges are based on a cost recovery model and NHSPS are committed to working to provide clarity and transparency on these charges.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), three recommendations below remained work in progress, all of which have now been implemented.

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.

Recommendation implemented

1.2 Approvals and funding for the HMCTS Reform business case have now been agreed between the department and HM Treasury. The completion date for the Reform programme remains December 2023.

1.3 Five years into this seven-year programme, Reform is now at the critical stage of final implementation across a range of projects that will deliver the biggest financial and user benefits.

1.4 Across Reform, eight reformed services have already been delivered, having a huge impact for the public, helping the most vulnerable people in our society, and covering cases relating to immigration and asylum, divorce and related financial disputes, probate, civil money claims, criminal cases, challenges to benefits decisions in the Social Security & Child Support Tribunal, and Family Public Law cases.

1.5 In the criminal courts, the Common Platform, built to manage the 1.5m annual criminal cases, has been rolled out to almost 50% of courts across the UK. HMCTS, the Crown Prosecution Service and the police continue to work closely together to ensure that the ambitious outcomes of the Crime programme can be successfully delivered. This, against the challenging backdrop of the pandemic and its impacts, will be achieved by taking an agile approach to delivering the planned outcomes and improved experience for end users. Adopting this agile approach will minimise the risk and complexity of the programme and its implementation.

1.6 In terms of the next stages of the programme, the new video hearings service has already been extensively piloted, and will be rolled out to all courts by the end of March 2022; the scheduling and listing tool, which will automate processes, improve listing efficiency and provide a better view of capacity across the courts estate, is due to complete by October 2022; and a fully operational Strategic Data Platform is scheduled for delivery by April 2023, providing essential Management Information to more effectively monitor and manage both performance and user experience.

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.

Recommendation implemented

2.2 The department recently published an evaluation framework for the HMCTS reform programme. This framework describes the evaluation's methodological approach, including its theory of change, individual research projects, and information on how evaluation findings will be used by the programme. It also describes the role of the evaluation's judicial and academic advisory groups, planned publications and next steps.

2.3 HMCTS has also developed a project-level evaluation strategy for the reform programme. Project-level assessments and evaluations cover individual service reforms from small-scale Proof of Concepts, to pilots, to large-scale evaluations of national rollouts. This will complement and inform the department's evaluation and, by coordinating its approach, the department will maximise the benefits for both overarching and project-level evaluation.

2.4 Evaluation evidence is critical to demonstrate where things are working well, where reforms have no adverse impacts, and any impacts that improve or reduce access to justice.

Evaluation findings and recommendations are fed back into services to identify and make improvements to the service, improve user experiences, and inform future developments.

2.5 In addition, HMCTS is currently finalising the research findings and report for the evaluation of the use of remote hearings during the pandemic. This study explored remote hearing practice implemented during the COVID-19 outbreak and will make recommendations for use of remote hearings in the longer term. The findings of the evaluation will inform the future use of audio and video technologies, helping to address issues around user experience, the administration of, and staff support for, hearings, technology and AV quality standards.

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.

Recommendation Implemented

6.2 Since the previous update to the Committee in May 2021, the department has been working with government and justice system stakeholders to develop plans to address both the expected increasing demand from changes to sentencing and increased funding for the Police, and the demand that has built up within the system as a result of COVID-19.

6.3 The department continues to address the effect of COVID-19 on the courts and tribunals system. HMCTS are running the system at maximum capacity this year, with no limit on sitting days in the Crown Court, which have seen the greatest impact of the pandemic, and the opening of Nightingales courts to provide a greater number of rooms.

6.4 As announced at the 2020 spending review, the department has committed over £4 billion capital funding to make significant progress in delivering 18,000 additional prison places across England and Wales by the middle of the decade. In July 2021, the department announced its intention to publish a Prisons White Paper to set out a future vision for the prison system, including its estate.

6.5 The department launched the new Probation Service in June 2021, unifying staff from the previous National Probation Service and Community Rehabilitation Companies. This unified service has integrated the services delivered alongside core supervision, with priorities focussed on maintaining operational delivery, protecting service continuity and minimising risk of operational failure. New National Standards will guide how probation practitioners work and focus on driving up the quality and consistency of practice so staff can meet increasing demand. The probation workforce is central to the successful delivery of probation and meeting rising demand. In 2020-21 HM Prisons and Probation Service recruited 1,007 trainees and are committed to recruiting 1,500 more this financial year (2021-22).

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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)
- Treasury Minutes Progress Report: May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 424 above), one recommendation below remained work in progress.

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: As soon as possible
Original target implementation date: Autumn 2020

1.2 The Department for Education's Permanent Secretary updated the Committee in a letter of 6 July 2021 on the publication timing of the SEND Review and committed to ensuring the Committee is regularly updated on progress. The Permanent Secretary also gave evidence to the Committee about the review at Questions 4-11 of the school funding hearing on 15 July 2021.

1.2 The department is working at pace and intends to publish proposals for full public consultation in the coming months. The department will ensure that proposals complement the wider work being done on recovery and reform.

1.3 The review is focusing on improving outcomes for children and young people with SEND, and their experiences of the system. It also aims to improve value for money in a way that best ensures children's and young people's needs are met quickly and effectively. The review has, and will continue to, draw on evidence from a wide range of stakeholders, users, organisations, experts and the insights from the Committee and the Education Select Committee.

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)
- Treasury Minutes Progress Report May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 424 above), one recommendation remained work in progress and is now implemented below.

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 accurate the process of reviewing and learning.

4.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 Since publication of the National Audit Office report (HC19) in January 2020 and following the related PAC hearing on 11 March 2020, the Ministry of Defence (the department) has been delivering its commitment to the Committee to develop and implement more robust liaison arrangements between its stakeholder communities.

4.3 The Permanent Secretary wrote to the Committee Chair on 30 June 2021, providing an update on the department’s approach to delivering performance improvements across its infrastructure programmes.

4.4 The letter to the Committee Chair outlined the progress underway with the MENSA programme at the Atomic Weapons Establishment in Burghfield, and also the work at the Core Production Capability facility at the Rolls Royce site in Raynesway.

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)
- Treasury Minutes Progress Report, May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 424), six recommendations remained in progress, five of which 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 agreed with the Committee's recommendation.

Recommendation implemented

1.2 In the Department for Digital, Culture, Media and Sport's (the department's) first report back to the Committee, it outlined proposed actions in this area, including a Public Health England evidence review of gambling-related harms, further assessment of barriers to high quality research and the piloting of a new methodology for measuring gambling participation and the prevalence of problem gambling.

1.3 Public Health England's review was published on 30 September 2021 and looks at the prevalence, impacts and costs of gambling-related harms. It will inform regulation and further research going forward, as well as being an important input to the Gambling Act Review.

1.4 The government launched its Review of the Gambling Act 2005 in December 2020. As part of its broad scope, the Review is looking at the powers and resources of the Gambling Commission, and the barriers to high quality research to inform regulation and how these might be overcome. The department is currently considering the evidence submitted on these issues and will publish a white paper outlining any conclusions and proposals for reform in due course.

1.5 The Gambling Commission (the Commission) consulted between December 2020 and February 2021 on proposals to develop a single, high quality methodology for measuring gambling participation and the prevalence of problem gambling. The new approach will be piloted between October 2021 and February 2022. The pilot of the new methodology will include a condensed set of questions developed to understand the experience of gambling-related harms amongst gamblers and affected others.

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 agreed with the Committee's recommendation.

Recommendation implemented

2.2 The Gambling Commission has continued to refine existing sources of data and internal processes to ensure that its resources are concentrated where they are needed most and can be most effective. The Commission combines data from a range of sources including direct consumer contacts, intelligence from Alternative Dispute Resolution providers and the Resolver consumer portal. It also makes use of consumer research and surveys to identify risks and shape enhanced consumer protections.

2.3 The government has raised the licence fees paid to the Gambling Commission by operators, which will enable the Commission to increase investment in its technology, skills and the expertise required to obtain, store and analyse data. From 1 October 2021, annual fee bands for remote (chiefly online) operators have increased by 55% and application fees by 60%. A 15% increase for fee bands for land-based operators will come into effect in April 2022.

2.4 The Commission has recently published a consolidated report using its consumer data to share key findings and outline further steps to improve the quality of its data in future. These steps include continuing to standardise complaints categories, which will allow more comprehensive analysis of the complaints raised by consumers and show if certain complaint types are more likely to be escalated to an Alternative Dispute Resolution.

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 agreed with the Committee's recommendation.

Recommendation implemented

3.2 The Gambling Commission has continued to complement the use of its formal powers by improving consumer access to information on licensees. Gambling operators' websites must now link directly to an enhanced public register of licensees. Improvements to the register were informed by user experience research, leading to additions such as information on settlements and sanctions applied to a licensee. Work is underway to explore what other data are available or can be collected, to further enhance the public register with the aim of informing consumer choice and proactively influencing licensees.

3.3 The Commission's industry challenges programme of work successfully piloted a new approach of influencing the industry to make rapid progress to improve protections in three priority policy areas – advertising, VIP incentivisation and online game design. This programme of work resulted in new measures being implemented across the areas identified which have now been incorporated into licence conditions.

3.4 The Commission is also working with industry partners on plans for developing a 'Single Customer View' (SCV), to facilitate sharing of data between operators where a customer may be at risk, to help reduce gambling harms. The Information Commissioner's Office (ICO) published a report in October 2021 which confirms this could be delivered in accordance with data protection law, giving industry the opportunity to trial a SCV solution in collaboration with the Commission and ICO.

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 on a plan for more effective consumer protection and redress within 6 months.

4.1 The government agreed 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. Questions on this subject were included in the Call for Evidence on the review of the Gambling Act 2005 which closed on 31 March 2021. The department is currently considering the evidence submitted on this issue and discussing with the Gambling Commission. It will publish a white paper outlining any conclusions and proposals for reform in due course.

4.3 As part of its work to ensure more effective customer protection, the Commission ran a consultation on online customer interaction between November 2020 and February 2021. This included new requirements to help ensure remote gambling operators do more to identify consumers who may be harmed by gambling, and to interact and take action sufficiently early and effectively to prevent harm.

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 agreed with the Committee's recommendation.

Recommendation implemented

5.2 The Gambling Commission continues to publish quarterly statistical releases of gambling participation and problem gambling prevalence data from its quarterly telephone survey. The most recent release was published in October 2021.

5.3 Improved data will form the basis of stronger outcome measures for problem gambling and associated harms. The Gambling Commission consulted between December 2020 and February 2021 on proposals to develop a single, high-quality methodology for measuring gambling participation and the prevalence of problem gambling. The new approach is being piloted from October 2021 with a stakeholder engagement phase, before survey fieldwork takes place in January and February 2022. The pilot of the new methodology will include a condensed set of questions developed to understand the experience of gambling related harms amongst gamblers and affected others. A report on the success of the pilot is due by the end of March 2022. In the meantime, the Commission has developed new interim key performance indicators (KPIs) which will be published in its framework agreement with the department and reviewed regularly.

5.4 Following the Public Health England evidence review of gambling-related harms, the Office for Health Improvement and Disparities will work in partnership with the department and key stakeholders to address the knowledge gaps identified in the review, improve data collection and deliver effective and implementable responses to gambling-related harms.

6: PAC conclusion: The Commission's ability to protect consumers is constrained by limits imposed by the legal and regulatory framework.

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.

6.1 The Government agreed with the Committee's recommendation

Recommendation implemented

6.2 The department published a consultation on proposals for an uplift to Gambling Commission licence fees in January 2021. The changes were implemented via secondary legislation in June 2021, allowing the Commission to continue to cover its costs and direct additional resources to address regulatory challenges. This was a significant uplift, with application fees for all operators increasing by 60% from October 2021, and annual fee bands for remote (online) operators increasing by 55% from October 2021. Annual fee bands for land-based operators will increase by 15% from April 2022.

6.3 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. Questions on this subject were included in the Call for Evidence which closed on 31 March 2021. The department is currently considering the evidence submitted on this issue and will publish a white paper outlining any conclusions and proposals for reform in due course.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

An update to the government's last response to the Committee on this report (CP 424) had not been received at the time of publication.

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
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), three recommendations remained work in progress, two of which are now implemented.

1: PAC conclusion: The government has still not taken the strategic decisions required to establish an affordable Equipment Plan and deliver the crucial military capabilities needed by our Armed Forces.

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: Autumn 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, ensure that the Ministry of Defence's (the department) budget matches ambition and address the financial pressure reported in previous equipment plan reports. 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 department wrote to the Committee on 22 June 2021 and 14 September 2021 with further details of the investments and savings taken through the Integrated Review.

1.4 In the next Equipment Plan report, due to be published in Winter 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.

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.

Recommendation Implemented

5.2 A challenging ambition has been set to reduce by two years the average time taken to deliver capability to the front line. A methodology to measure time performance has been agreed and data will be reviewed every six months to measure success in increasing the pace of delivery Focus is on improving how we set up new programmes as the opportunity to change the course of established programmes is more limited. Achieving the 2-year ambition will take time to realise.

5.3 The department is testing new methodologies to increase pace in acquisition, including a streamlined investment decision-making process based on programme risk and complexity and a faster acquisition process for emerging technology. These pilots will be evaluated and successful approaches rolled out in 2022.

5.4 Through pan-Defence Category Management, Defence aims to realise £628 million in financial savings over 10 years and deliver the business benefits of a more strategic approach to the market.

5.5 Improvements to commercial capability include a requirement by March 2023 for all licensed commercial staff in Defence to be professionally qualified and hold Defence or Government Commercial accreditation. 90% have either achieved this standard or are on a path to meet it. Of the 1,747 Commercial Officers in scope for accreditation, 296 at Expert level are either accredited or working towards, and at Practitioner level, 1,210 are either accredited or working towards accreditation.

5.6 Assessing the impact of these initiatives and identifying priorities for further reform will be part of the ongoing effort to bring continuous improvement to acquisition into the future.

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.

Recommendation Implemented

6.2 The Defence Equipment Plan 2020 was published on 12 January 2021 following agreement from the Committee and the National Audit Office. In the light of the report, the department has continued to develop its method for considering Equipment Plan affordability.

6.3 The department wrote to the Committee on the impact of the Integrated Review in June and September 2021 and will reflect the changes 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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), seven recommendations below remained work in progress, four of which are now implemented.

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.

Recommendation implemented

1.2 On both 6 January and 6 July 2021, the then Secretary of State set out in his speeches at conferences organised by the Local Government Association, his expectations for local authority capital investment. He made it clear that councils should not take on excessive debt, become over-reliant on commercial income nor pursue risky investment practices for which they do not have the requisite skills and experience to manage without placing taxpayers' money at excessive risk.

1.3 On 28 July, the Ministry of Housing, Communities and Local Government (now known as Department for Levelling Up, Housing and Communities) published a programme of work designed to strengthen the capital system which will serve to reinforce the government's message to the sector and set out clearly the actions the government is taking.

1.4 Further, since the Committee's report, the government has been engaging actively with individual local authorities on specific issues. The government's clear messaging on the Prudential Framework has meant that more authorities have pre-emptively sought the government's view on their capital practices, and the government has reiterated what is and is not acceptable while allowing local councils to make the final decisions. This is proving to be effective for preventing risk entering the system.

1.5 Where local authorities have approached the government for exceptional financial support, some of the cases have been related to commercial investment. The government has commissioned assurance reviews in eight councils, the findings of which will provide evidence for understanding the cause of risk and how authorities should address it. In addition, in two councils, the government has appointed an Improvement and Assurance Panel to support and challenge those councils as they address failings that have led to their difficulties and advise the Secretary of State on progress.

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.

Recommendation implemented

3.2 As set out above, the department has now published its programme of work designed to strengthen the capital system which will serve to reinforce the government's message to the sector and set out clearly the actions it is taking. In developing and implementing the programme of work, the government has worked closely with sector representatives as well as other key stakeholders including CIPFA, the LGA and the NAO.

3.3 The government is developing a scaled approach to engagement. This ranges from initial engagement and communication with the authority to understand the risk and clarify the government's stance through to more intensive work such as involvement of auditors.

3.4 The government is improving its monitoring of the sector through improved data collection and intelligence gathering. The government is also improving its early identification of risk, by developing additional metrics to use our data and qualitative information in a tool for the earlier identification of risky capital practices. This will be used to focus intervention to address risk and non-compliance in a more timely way.

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.

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

3.6 The government has worked with CIPFA and sector representatives on proposed changes to the regulations and guidance that underpin the Minimum Revenue Provision (MRP) duty, to improve sector compliance. The government is now developing its proposals to ensure they meet the required objective of driving good practice, while avoiding unintended consequences.

3.7 The government will therefore consider changes to the Regulations and plans to consult later in the year. In considering changes, the government needs to appropriately understand the financial impact to the sector and how to mitigate the associated risks to budgets.

3.8 The government will engage with the sector to reflect local authority views and to use the opportunity to make clear its expectations. Alongside the consultation, the government recognises that it will also need to support improvements to local authority capability and engage with auditors to ensure that compliance with the MRP duty is robust and consistent across the sector.

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 As part of its now published programme of work, the government is improving its early identification of risk, by developing additional metrics to use our data and qualitative information in a tool for the earlier identification of risky capital practices. This will be used to focus intervention to address risk and non-compliance in a more timely way.

5.3 The government is also improving its monitoring of the sector through improved data collection and intelligence gathering. The most recent data already demonstrates that both new borrowing and commercial investment decreased significantly in 2020-21 relative to 2019-20. The advent of COVID-19 has had a significant impact on sector capital activity, and so it is difficult to judge whether the decrease in commercial investment represents a lasting change in sector behaviour. The government will continue to monitor sector trends as recovery takes place to understand whether past problematic trends re-emerge.

5.4 Lastly, local authorities are now required to submit three-year capital spending and borrowing plans in order to access the PWLB. The government is reviewing all submitted plans to assess the capital plans submitted to determine whether the information provided is compatible with the PWLB's lending terms, including that the local authority is not borrowing for yield. The information in the plans will be used alongside other data to improve government's monitoring of the sector.

5.5 The government is clear that it will take further steps if needed.

6: PAC conclusion: The prudential framework has been impaired by the emergence of new forms of behaviour 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.

Recommendation implemented

6.2 This recommendation has been completed. Further, the government has worked closely with key stakeholders CIPFA, the LGA and sector representatives, and engaged with the NAO to ensure that its approach is robust and addresses the risks and issues identified. This has been reflected in designing and implementing the range of actions set out in the progress report, which take a holistic approach to strengthening the system.

6.3 The government wrote to the Committee in 2020 and earlier this year to set out its plans for improving its data. Government has now completed the voluntary data survey to gather additional information on sector behaviour and is now using the findings to implement permanent changes to its regular data collection from February 2022.

6.4 The government is also improving its early identification of risk, by developing additional metrics to use our data and qualitative information in a tool for the earlier identification of risky capital practices. This will be used alongside targeted engagement to address risk and non-compliance in a more timely way.

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.

Recommendation implemented

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 government's programme of work was published on 28 July and sets out its multi-action approach to address failings in governance of investment activities.

9.3 The multi-action approach includes light-touch measures of initial engagement and communication with the authority to understand the risk and clarify the government's stance. They also include more intensive work such as involvement of auditors and, if needed and appropriate, escalation to interventions such as application of the statutory borrowing caps. The triggers for these interventions will be drawn from a range of data as part of our increased monitoring function. Monitoring to focus intervention and use of a scaled approach will allow the government to address risk and non-compliance in a more timely and proportionate way.

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.

Revised target implementation date: November 2021
Original target implementation date: July 2021

10.2 This recommendation has been ongoing. The government is currently commissioning a review of governance and capability of investment decision-making and management in local government. The review should commence in November 2021. It will have two stages, the first stage being a landscape review to identify the key systemic issues and failures, and the second stage to commission guidance and training targeted at the areas that need the most improvement. The review is planned to be completed by February 2022.

10.3 The government is working with CIPFA on the revised Prudential and Treasury Management Codes, which provide greater clarity and additional metrics and guidance on managing risk, and will consider the need to review its own guidance once this work has concluded.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), four recommendations below remained work in progress, one of which is now implemented.

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 In 2021, HM Revenue and Customs (HMRC or the department) expanded the statistics it publishes about groups and sectors benefiting from reliefs, with information on two further significant reliefs.

2.3 The October 2021 annual UK Stamp Tax statistics included, for the first time, breakdowns of the beneficiaries of First Time Buyers relief by age. In June 2021, the department published new information about the distribution of the number and market values of subscriptions to, and market values of, Child Trust Funds for each type of account in the annual savings statistics. HMRC will continue to explore how to expand this analysis to further non-structural reliefs.

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's resources have been prioritised to ensure that the data provided by pensions schemes is correct and of the highest standard for the Annual Personal Pensions Statistics. As a result, data quality has been improved by a number of pensions schemes and the department published Income Tax and National Insurance Contribution relief estimates for 2018-19 and 2019-20 on 30 September 2021.

3: PAC conclusion: The exchequer departments are not transparent with Parliament on which tax reliefs need to change taxpayer behaviour 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 Committee's recommendation.

Target implementation date: Autumn 2021

3.2 HM Treasury and HMRC have collated the objectives of all non-structural tax reliefs currently available to taxpayers. Non-structural tax reliefs help or encourage particular taxpayers, activities or products in order to achieve economic or social objectives, this includes tax reliefs with objectives to change behaviour. The list of non-structural tax reliefs and objectives is on course to be published by Autumn 2021.

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 Committee's recommendation.

Recommendation implemented

5.2 The government continues to recognise 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 In November 2020, HMRC published the results of internal evaluations of two high-profile reliefs: the Patent Box and Research and Development Expenditure Credits (RDEC). HMRC will continue to use the Tax Reliefs Evaluation Criteria, published in the Annex 2 of the October 2020 tax reliefs statistics bulletin, to evaluate tax reliefs in a structured way.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), the two recommendations below remained work in progress.

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 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 ongoing review is considering lessons learned from the COVID-19 response.

2.3 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 the Integrated Review (IR) and, as the government learns lessons from the COVID-19 response, the government is also undertaking a review of the UK's overall approach to risk management, readiness and contingency planning. To support this, the government carried out a public Call for Evidence, which concluded on 27 September 2021. Relevant findings will be analysed and incorporated into the Resilience Strategy. The government aims to publish this Strategy in the spring of 2022.

2.4 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 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 did not become overwhelmed was challenging, but the government has been committed to a proportionate and flexible response.

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 COVID-19 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. On 12 May 2021, the Prime Minister confirmed to Parliament that a public inquiry into the United Kingdom's response to COVID-19 would be established on a statutory basis, with full formal powers, and that it will begin its work in Spring 2022. The government is aware of the call for the inquiry to take place imminently.

4.3 The Cabinet Office, however, continues to capture new insights from the COVID-19 pandemic along with responses to other emergencies and near misses, and incorporate these into capability improvements within the COBR system (facilities, governance and operations) and the newly formed National Situation Centre. Improvements to crisis management capabilities are also ongoing as part of the cross-government programme to implement the Boardman II Review recommendations, particularly recommendations 12 and 23 on scalability and mobilisation of vehicles and structures for crisis response. This aims to strengthen the government's response capability to other risks occurring concurrently to COVID-19 (such as severe flooding), and whole-system crises.

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 Minute: November 2020 (CP 316)
- Treasury Minute update: Correspondence published 30 June 2021

Update to the government response to the Committee

Following the government's last response to the Committee on this report (via correspondence published 30 June 2021), two recommendations below remain work in progress.

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.

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

2.2 Although the Department of Health and Social Care (DHSC) agrees with the Committee's recommendation, it disagrees with the Committee's conclusion.

2.3 The department provided an update to the Chair on 07 October 2020, 16 November 2020 and 8 June 2021. NHS England and NHS Improvement wrote to the Committee on 30 October 2020.

2.4 The Social Care Working Group, which is a sub-group of SAGE, is finalising a consensus statement which will review published evidence on the association between the discharge of patients from hospitals and COVID-19 in care homes. The consensus statement will be shared with the Committee as soon as possible, before the end of November.

2.5 The department will consider the consensus statement once it has been finalised, and will write to the Committee separately.

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.

Revised target implementation date: Winter 2021
Original target implementation date: Outstanding (date to be confirmed in due course)

3.2 The adult social care sector has never been under as much pressure as in the last year (2020-21). Throughout the pandemic the government has been working with the sector to ensure all recipients of care receive the support they need. There are lessons to be learnt from that experience and the government is aware of the long-term challenges facing the social care system.

3.3 Therefore, on 07 September 2021, the government committed to investing an additional £5.4 billion over three years, which will enable a comprehensive programme of reform for adult social care.

3.4 This includes charging reforms that protect individuals of all ages from unpredictable and unlimited costs. The government also announced major improvements to the wider social care system in England, including an unprecedented investment of at least £500 million to support the development and wellbeing of the care workforce. It will enable a five-fold increase in public spending on the skills and training of care workers and registered managers.

3.5 The government will work with care users, providers, and other partners to co-develop more detail on these plans and publish further detail in a White Paper for reform and integration plan later this year.

3.6 The government have also focussed on laying the groundwork for reform in their legislative programme. The Health and Care Bill will improve oversight of how social care is commissioned and delivered and will facilitate greater integration between health and care services, on which these reforms will build.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government’s last response to the Committee on this report: (CP 424), two recommendations below remained work in progress and have now been implemented.

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:

- ***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.

Recommendation implemented

1.2 On 7 June 2021, the former Ministry of Housing, Communities & Local Government (now the Department for Levelling Up, Housing & Communities or department), wrote to the Chair of the Committee outlining the steps it continues to take to implement this recommendation. As stated in previous exchanges, 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, which was introduced to Parliament on 5 July 2021, gaining Royal Assent.

1.3. In the interim, HSE continues to use its wider enforcement powers in relation to health and safety at work, ensuring that remediation work is carried out safely for both works and residents. This includes developing an enforcement management model for its building functions, working with local authorities and fire and rescue services.

1.4 The department continues to engage with building owners to start remediating as quickly as possible and is 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 taking enforcement action on high-rise residential buildings with unsafe cladding. Data on enforcement action and a list of corporate entities responsible for the remediation of unsafe aluminium composite material (ACM) cladding where remediation works have not started on at least one of their buildings is updated and published as part of the Building Safety Programme's Monthly Data Release.

1.5 Due to the actions of the department, at the end of September 2021, 94% of all identified high-rise residential and publicly owned buildings in England (445 buildings) had either completed or started remediation work to remove and replace unsafe ACM cladding, which equates to 97% of those buildings identified at 31 December 2019. Of the thirty buildings (6%) yet to start remediation, five buildings are vacant (1% of all identified buildings) and so do not represent a risk to resident safety.

5: PAC conclusion: The Department has not done enough to address spiralling 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.

Recommendation implemented

5.2 On 7 June 2021, the department wrote 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. Consequently, the department views that this recommendation has been implemented. However, based on the department's letter of 7 June 2021, it can provide a further update on the following workstreams:

External Wall Fire Review Process (EWS1)

5.3 The independent expert group and the government's statement, published on 21 July 2021, made clear that EWS1 forms should not be a requirement on buildings under 18 metres in height. In the small number of cases where there are known to be concerns, these should be addressed primarily through risk management and mitigation. The government supports this statement and is acting upon the recommendations within to ensure that a more risk-proportionate approach is taken to fire safety in blocks of flats.

5.4 The announcement was received positively in the media, amongst leaseholders and by major lenders, including HSBC UK, Barclays and Lloyds Banking Group.

Update following the expert advice

5.5 In the 21 July 2021 statement, the department confirmed that updated guidance, including publication by the British Standards Institute of a new Publicly Available Specification (PAS 9980) for use by fire assessors would be forthcoming. The statement also confirmed that the Consolidated Advice Note will be retired.

5.6 The Royal Institution of Chartered Surveyors (RICS) have committed to consider the impact of the statement on their valuer guidance: *Valuation of properties in multi-storey, multi occupancy residential buildings with cladding.*

5.7 The department is also working with the Home Office to prepare for the commencement of the Fire Safety Act 2021 and continues to engage with the lenders and RICS to agree a clear set of steps that will enable lenders to end their requirements for the External Wall System (EWS1) process on buildings below 18 metres in height.

Training for External Wall Assessors

5.8 The government also provided RICS with nearly £700,000 to develop and deliver training for assessors to carry out external wall system assessments. More than 950 assessors have now enrolled on the EWS1 training, so that where valuations are needed these can be done more quickly.

Professional Indemnity Insurance

5.9 The government recognises that professional indemnity insurance remains a barrier to qualified professionals undertaking EWS1 assessments. In February 2021 the department committed to work towards a targeted, state-backed indemnity scheme for qualified professionals unable to obtain adequate professional indemnity insurance for EWS1 assessments.

5.10 These plans are at an advanced stage, and the government recently went to market to secure an insurer to operate the scheme on the government's behalf. The department is working with HM Treasury to finalise approval of the scheme and will update Parliament at the final stage of this. It is intended for the scheme to launch in the first quarter of 2022.

Buildings Insurance

5.11 The department is working with the insurance sector to restore confidence in building safety. Engagement with the insurance industry is on-going: Ministers continue to press insurance companies and industry bodies to take a more proportionate approach to pricing insurance. As a result of ministerial engagement, one of the UK's largest insurers has recently stepped into this market to offer insurance to new customers. The department continues to work closely with the British Insurance Brokers Association to press for insurance to be provided where it has been declined.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), three recommendations below remain work in progress.

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) continues to develop its understanding of the illegal population within the United Kingdom. The department has reviewed previous research and its own available datasets, as well as analytical work it already holds related to this population. Analysts are scoping a programme of work which will investigate the department's ability to deliver additional analysis and insights from Immigration Enforcement's data on its populations of interest.

1.3 The Home Office has also established an active secondment programme with the Office of National Statistics (ONS) and a Memorandum of Understanding to enable administrative data to be shared. As part of this new programme of analytical research, the department has begun discussions with the ONS to explore their capacity to assist in trialling data matching to understand better the footprints individuals of interest to Immigration Enforcement may leave across other public agencies, and the administrative data ONS hold. Further work will be subject to the resource constraints ONS are under in the light of other substantial developments of the migration data currently under way.

1.4 In addition, the Home Office continues to analyse other data and external research and uses a range of data and evidence to assess trends in illegal migration, including the potential for labour displacement, the unlawful use of public services and enforcement activity, which is routinely used for policy development and investment appraisal.

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 The Home Secretary and Permanent Secretary are leading a cultural transformation programme to build a department which is more open and compassionate. The programme will support behavioural change across the department, including the commitment to using customer insight wherever possible, and inform ongoing design and delivery of the immigration system.

3.3 The department's response to the Windrush Lessons Learned Review puts user experience at its heart. It includes:

- implementing products and toolkits that support leaders to live the Home Office values.
- developing an operating model for data analytics to improve innovation, productivity, and future ways of working.

3.4 The department has established a Strategic Race Board, chaired by the Permanent Secretary, with external membership from experts and non-executive directors providing subject matter expertise on race and immigration.

3.5 The department had already taken steps to commission an evaluation of the Compliant Environment policies such as the right to rent measures, surveying landlords and using mystery shopping to test racial discrimination. It reviewed policies to regulate access to work and benefits and demonstrated how it is learning the lessons of Windrush with the introduction of the successful EU Settlement Scheme (EUSS), adopting a customer facing and individual approach.

3.6 The department established a specialist unit working to identify early warning signs and unintended consequences of policies and seeks to resolve systemic issues impacting on customers.

3.7 The changes ensure robust systems and processes are in place to underpin Compliant Environment measures. This service improves customers' ability to raise concerns and receive a swift resolution while improving the department's ability to learn from customer feedback.

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 In April 2021, the department made changes to the way it is structured, creating Missions and Capabilities. A key feature of the Missions is end-to-end ownership and accountability for delivering outcomes. This means that the Migration and Borders Mission is responsible for oversight and delivery of the outcomes: (i) enabling the legitimate movement of people and goods to support economic prosperity and (ii) tackling illegal migration, removing those with no right to be here and protecting the vulnerable. The work to embed fully the Migration and Borders Mission as an integrated community with the front-line capabilities - Customer Service and Borders and Enforcement – continues at pace.

4.3 In May 2021, a Director of Systems Leadership was appointed to lead the design and embedding of this approach in tandem with the Capabilities, with the shared aim of ensuring that the system delivers as a collective and that priorities and resources are best aligned to deliver good outcomes and drive maximum value.

4.4 The department is improving its digital capabilities. Digitised application processes will improve system coordination and enhance customer experience through simplified rules and remote biometric capture. A digital identity capability will enable customers to view and prove their immigration status easily.

4.5 The department is developing proposals for a fairer and firmer system that deters and prevents illegal migration; delivers more support for claimants 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.

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)
- Treasury Minute Progress Report: Published 30 June 2021

Update to the Government response to the Committee

An update to the government's last response to the Committee on this report (correspondence sent directly to the PAC published 30 June 2021 and laid out below for reference), had not been received at the time of publication.

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: Autumn 2021
Original target implementation date: Spring 2021

1.2 The NHS People Plan 2020-21 is not a single document but a shared programme of work to grow the workforce, support new ways of working and develop a compassionate and inclusive workplace culture in order to deliver the Long-Term Plan.

1.3 The NHS People Plan, published last summer, is focused on supporting NHS staff to manage the COVID-19 response and Winter pressures, with a strong focus on looking after the health and wellbeing of staff.

1.4 The department is working with NHS England and NHS Improvement, Health Education England, and with systems and employers to determine workforce and people priorities beyond April 2021. In 2021-22, focus will be on supporting the immediate recovery of NHS staff and of services, whilst looking to the longer-term workforce requirements for 2022 and beyond. This will include building on many of the positive ways of working that have emerged through the pandemic whilst continuing to support the wellbeing of NHS staff.

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 50,000 nurse expansion commitment is underpinned by a robust delivery programme which will be achieved through increased domestic supply, increased international recruitment and improved retention. The programme is currently on track for delivery. Latest NHS Workforce Statistics show nurse numbers increasing by almost 11,100 in the past year (between November 2019 and November 2020 – excluding health visitors and midwives). The future domestic pipeline is strong with UCAS end of cycle data showing 25,100 future nurses enrolled on courses in 20/21, a 27% increase in nursing acceptances at English providers compared to the previous year. More recent UCAS data shows unique applicants to nursing and midwifery courses in 2021 have increased to 48,300 or by 34% compared to last year, when there were 35,960. Fewer nurses are leaving the workforce and international recruitment continues to exceed expectations in despite the current COVID-19 travel restrictions.

3.3 The government is committed to funding the N50K manifesto commitment across the Parliament. The Programme Board, chaired by the Minister of State for Care, keeps under review the best VFM investment across workstreams and flexes resources between workstreams to deploy the overall budget to maximum effect. So while the forward plan will set out the indicative investment across key workstreams, these are likely to change as the programme adapts to opportunities and risks from the pandemic and its impact on international and domestic labour markets and the education sector.

3.4 The department will publish plans as soon as practicable, taking account of the impact of the COVID-19 pandemic on the programme.

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: Autumn 2021
Original 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. Unlike the NHS, the adult social care workforce is not nationally administered – it is a diverse sector, with 1.5 million staff employed in around 24,000 employers. The department, NHSE&I and HEE recognise the need to support the whole workforce including social care nursing. The new training grant of at least £5,000 for all eligible nursing students will benefit the health and social care sectors by increasing the overall pool of domestic graduates available.

4.3 On 21st December 2020 the department appointed Deborah Sturdy as Chief Nurse for Social Care. In her new role, Professor Sturdy will act as a voice and champion for the frontline social care nursing workforce in government, and the sector. She will also promote social care nursing and the wider workforce, working with national and regional partners to celebrate success.

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.

4.5 HEE and Skills for Care have supported development of the Registered Nurse Degree Apprenticeship and uptake of Nursing Associate (NA) Apprenticeship in social care employers via pipeline pilot projects to attract NAs into social care. The department is continuing activity to support 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.

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 recommendation.

Target implementation date: Autumn 2021
Original target implementation date: Spring 2021

6.2 Retention has improved significantly during the pandemic but there are risks this will not continue. NHS England and NHS Improvement's Retention Programme, which supports delivery of the People Plan and 50,000 nurses' commitment, works across the NHS at all levels. The retention programme uses data to work with systems and organisations to continuously understand why nurses leave, resulting in targeted interventions to support nurses to stay whilst keeping them well, e.g., Aspirational Talent & Career conversations for BAME staff, flexible working, health and well-being.

6.3 NHS England and Improvement has put in place a range of support for BAME staff throughout the pandemic, including:

- Implementing risk assessments for at-risk staff.
- Offering bespoke health and wellbeing support.
- Supporting line managers to embed health and wellbeing conversations.
- Issuing specific guidance on the fit testing of PPE, uniforms and workwear.
- Investing in staff networks and listening events to amplify BAME voices.

6.4 The government has announced £15 million of funding for English universities to expand rapidly simulated learning for nursing and other healthcare students this year. This comes after the Nursing and Midwifery Council announcement, in light of the pandemic, that up to 300 of the 2,300 required clinical placement hours can be completed in simulated environments.

6.5 The NHS will continue to review and refine its national health and well-being offer with an emphasis on supporting psychological and physical safety as the COVID-19 pandemic develops; and to support the recovery of services and staff thereafter. It continues to work closely with regional colleagues to develop and roll out mental health wellbeing hubs across seven regions. These will provide proactive outreach and access to psychological support for those where there is identified need. The NHS has also invested in psychological and mental wellbeing training for critical care nursing staff and enhanced occupational health and wellbeing support across 14 health systems, covering 700,000 NHS staff.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), two recommendations below remained work in progress, one of which is now implemented.

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.

Recommendation Implemented

1.2 The Measuring tax gaps 2021 edition was published on 16 September 2021. HM Revenue & Customs (HMRC or the department) published ranges around its tax gap estimates for 48% 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. Ranges were published for the first time for the corporation tax gap for large and mid-sized businesses, employer compliance tax gap for mid-sized businesses, Self-Assessment large partnerships tax gap and the Inheritance Tax gap. The department also published an uncertainty rating for each tax gap component assessing the uncertainty arising from each of three sources: the model scope, the methodology used and the data underpinning the estimates. For 2019-20, the proportion of the tax gap estimate with a 'low' or 'medium' uncertainty rating is 83%.

1.3. The department 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 included 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. HMRC has continually assessed the administrative burden of Making Tax Digital (MTD) on taxpayers, informed by taxpayer and stakeholder insight, to ensure that it is reasonable and affordable before proceeding with rollouts. The department has published information on the impacts of MTD as part of the legislative process for MTD for Value Added Tax (VAT) and MTD for Income Tax Self-Assessment (ITSA).

5.3. In September 2021, HMRC published a Tax Information and Impact Note (TIIN) and paper on customer costs, setting out the impacts of MTD on the Exchequer, the economy, individuals, businesses and civil society organisations, alongside laying regulations to introduce MTD to ITSA to a revised timetable of April 2024, giving taxpayers and their representatives additional time to prepare.

5.4. At Budget 2020, the government published a TIIN for the VAT population to be mandated from April 2022, incorporating an assessment of the burdens and costs to business.

5.5. HMRC has worked closely with the software industry to ensure that businesses have access to affordable and free software products, and this will continue for MTD for ITSA.

5.6 While HMRC expect that many businesses joining MTD will experience upfront costs, the department expects that the majority will experience benefits which may increase over time.

5.7 HMRC will continue to assess the impact of MTD on taxpayers and affordability, including through understanding user experiences in the MTD for ITSA pilot and ongoing evaluation of MTD for VAT.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), the recommendations below remained work in progress.

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.

Recommendation: **Implemented**

2.2 This recommendation has been implemented; however, the nature of the work is an ongoing process. Department for International Trade (DIT) and UK Export Finance (UKEF) will continue to monitor activity and take additional action where necessary.

2.3 DIT and UKEF work closely with the Department for Business, Energy, and Industrial Strategy (BEIS) and wider government on a variety of strategies to support a collective cross-government approach to business support. The recent launch of the "UK Innovation Strategy: Leading the future by creating it" is one example of collaborative work between the departments to realise the priorities of the government. DIT will support BEIS, UKRI and other innovation partners to deliver the Government's Science and Technology Superpower and innovation ambitions, including in sectors that will transform our economy in the future. To support the growth of renewable energy, DIT has worked closely with BEIS to apply its unique international business and industry-led expertise to inform deployment policies, with particular success with the offshore wind sector. DIT and BEIS are working to apply this to all DIT supported low-carbon sectors.

2.4 DIT and UKEF are working with BEIS and other Government departments through a cross-Whitehall Board on the development of the new Export Strategy. This follows collaborative work on the recently published Net Zero Strategy: Build Back Greener, a roadmap for the UK's move to net zero, and the Global Investment Summit which championed the UK as a destination for global investment with a focus, ahead of COP26, on the investment needed to attain net zero.

2.5 The departments have initiated a programme of joint meetings of their Non-Executive Board Members to encourage greater collaboration across departmental boundaries.

2.6 To support DIT's and UKEF's strategic alignment with wider government priorities, the departments have implemented a Memorandum of Understanding (MoU) which details areas of existing and future collaboration. This MoU is monitored and reviewed at senior level and captures integrated actions, ensuring DIT and UKEF remain engaged with and collaborate on strategy, policymaking, and export opportunities.

2.7 There have been important structural changes within DIT since the Committee's report was published. The creation of DG Strategy and Investment (DGSI) brings together all strategy teams within DIT and the teams that provide strategy and governance links with UKEF, UKRI and the Government Office for Science. This is intended to ensure greater internal and cross-Whitehall alignment, particularly with departments such as BEIS.

2.8 The departments also collaborate to support wider cross-Whitehall strategies including the recently launched National Space Strategy, where DIT leads the UK's trade relationships, facilitates foreign direct investment into the space sector and enables exports to global markets.

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.

2.9 The government agrees with this recommendation.

Recommendation implemented

2.10 This recommendation has been implemented, with additional elements ongoing as a part of the development of the Government's new Export Strategy. The Export Strategy will set out the government's refreshed ambition for exports and approach to export support, building on from previously announced initiatives including the department's Trade and Investment hub programme in the UK, and continued DIT export support services such as the International Trade Advisor network. DIT will continue to monitor activity on an ongoing basis and take additional action where necessary.

2.11 The Enhanced International Support Service (EISS) will build on the success of the Europe Trade Hub by rolling out export support hubs for high potential SMEs in all nine of DIT's HM Trade Commissioner (HMTC) regions across the world, including expanding the Europe Trade Hub. This will provide a consistent offer of support to businesses to export and will provide direct connections to the private sector to help businesses find the right specialists to help them. DIT are phasing the approach to rolling out the hubs, with all nine set to be operational by April 2022, including the expanded Europe Trade Hubs.

2.12 The Export Champion community continues to work alongside DIT by promoting the benefits of exporting to their peers, including through the Export Academy. This offers new exporters the chance to learn how to navigate the technicalities of export and how to find new opportunities in overseas markets through bespoke sector learning programmes. There are currently 418 Export Champions, including new ones appointed this year (2021). The UK Export Academy will provide practical training using online tools in specific industries, together with tailored peer-to-peer support through DIT's Export Champions and partner organisations.

2.13 DIT will monitor the progress of its current and future services and ensure they deliver value for money in its export support and support the government's wider trade objectives.

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.

Recommendation implemented.

4.2 The work to fulfil this recommendation has been implemented, with additional elements ongoing as a part of the development of the Government's new Export Strategy. Since the last update, the new Export Support Service has been launched. This includes a new export helpline and online service, providing a single point of contact which will help more British businesses export to Europe. This brings together UK government information covering queries around rules of origin, guidance on recognising professional qualifications and entering new markets. UK businesses can use this free service regardless of the size of their business or which part of the UK they are based.

4.3 DIT requires that International Trade Advisers (ITAs) maintain their professionalism by undertaking a continuous professional development programme which requires membership of the Institute of Export (IoE). The department will continue to help SMEs export including through the £38 million Internationalisation Fund and through seeking to include SME chapters in all free trade agreements (FTAs). The department's support for SMEs will be a key part of the refreshed Export Strategy. The department will continue to monitor activity on an ongoing basis and take additional action where necessary.

4.4 The Internationalisation Fund, which is supported by the European Regional Development Fund, received over 1,600 applications from SMEs between its launch in December 2020 and mid-September 2021, with over £11 million of funding being allocated to SME projects so far.

4.5 Lastly, great.gov.uk has also gone through a refresh to better serve its users, this includes creating personalised content via a login and offering services such as creating an Export Plan and the ability to report trade barriers.

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.***

4.8 The government agrees with this recommendation.

Recommendation implemented

4.9 As part of policy development underpinning the forthcoming refreshed Export Strategy, DIT has made use of the latest available data to provide an analytical underpinning to support the overall case for intervention through the provision of export promotion support as well as enable the department to better target its interventions and the system as a whole. Specifically, DIT continues 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) which provide a solid body of evidence on the challenges facing businesses. The department also uses tools such as the Export Client Survey (ECS), which is used to gain insight into the businesses using the department's export promotion services and their perceptions of how the services met their needs and the barriers they face including if and how these change after using the service. The department continues to be committed to building on this strong foundation to ensure continuous learning and feedback influence the evolution of the export promotion system and are refreshing the research programme in this space to further develop the evidence base, subject to final decisions made through the Spending Review.

4.10 Under the department's continued strategy, it strives to make better use of data to ensure that support measures meet the needs of businesses, and it continues to assess its offer in relation to its competitors. In alignment with the Trade Act, DIT has continued to develop its understanding of the exporting base, ensuring DIT's export support is more data-driven to address market failures and builds on best practice internationally. As a result of the Act, Her Majesty's Revenue and Customs are able to share detailed data on exports and businesses that export with DIT for 'trade purposes'.

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.***

4.11 The government agrees with this recommendation.

Recommendation implemented

4.12 The work to fulfil this recommendation has been completed and will underpin the refresh of the Export Strategy. The department's research continues to drive decision making and ensures that DIT is utilising its resources across the whole export journey of a business. DIT's performance metrics on supporting UK businesses to export include: DIT's export client survey satisfaction rates, number of service deliveries, total value of UK exports and the utilisation rate of trade preferences in FTAs. The effectiveness of DIT's services is assessed using its monitoring and evaluation framework, including annual client surveys (to track user experience and satisfaction, including a new measure introduced in July exploring readiness to export for current non exporters), bespoke evaluations for large-scale programmes, and a value-for-money model to estimate economic impact which will be updated to reflect changes following refresh of the export strategy and refinements to the services offered.

4.13 DIT uses its metrics to support ongoing work and developments as with the refreshed Export Strategy which will outline how DIT further supports businesses and ensures that the department is delivering on the priorities of the government.

4.14 DIT will do more to support exporters at international trade shows around the world. 55% of businesses who benefited from the old Tradeshow Access Programme were from London and the greater South-East - often dependent on exports to the EU. DIT's new approach will be more targeted to ensure businesses in every part of the UK benefit from the opportunities international trade shows offer.

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.

Recommendation implemented

5.2 UKEF provided a written update to the Committee in September 2021.

5.3 UKEF continues to promote its products and services to companies of all sizes across the UK in the clean growth sector. UKEF's targeted clean growth marketing campaign ran from 1 February to 31 March 2021, targeting key decision-makers in the renewables and clean growth sectors across digital, social and print channels. Plans are currently underway for phase 2 of the campaign which will include a focus on partnership activity and aligning with relevant trade sector publications.

5.4 In 2020-21 UKEF supported £2.4 billion of sustainable projects overseas, more than doubling the amount provided in 2019-20. UKEF finance and guarantees helped UK businesses to build new hospitals, bring clean energy and develop critical infrastructure in developing countries.

5.5. Appearing before the International Trade Select Committee in June 2021, the Minister for Exports announced the creation of a new Renewables and Transition underwriting team in UKEF, as part of its Civil, Infrastructure and Energy Division. The team's main objective is to support UKEF's growing renewable/clean energy business, including through the new Transition Export Development Guarantee to support exporters' transition programmes.

5.6 In September 2021, UKEF published its first Climate Change Strategy. The Strategy covers the period 2021-2024 to align with the UKEF's current business planning cycle. It is based on five strategic pillars and five enablers, representing key elements of the Strategy and how it will be delivered. The Strategy commits UKEF to achieving net zero greenhouse gas emissions across its portfolio and operations by 2050.

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.

5.7 The government agrees with this recommendation.

Recommendation implemented

5.8 UKEF provided a written update to the Committee in September.

5.9 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. Forty-seven applications have been approved in total since UKEF launched the GEF, of which 87% of facilities were for SMEs. Alongside the automated GEF approval system, UKEF is considering a further five applications manually. These figures demonstrate the success of the automated system in improving ease of access for customers; it has also been well-received by both banks and prospective exporters.

5.10 UKEF has extended the delegated limit with partner banks from £2 million to £5 million to allow more transactions to be submitted automatically and approved in a quicker and more efficient manner. This will offer a more seamless experience for the customer.

5.11 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 (ranging from £1 million to £30 million). This means UKEF's financial support can be accessed more easily, particularly to finance smaller contracts to benefit SMEs.

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.

Recommendation implemented

6.2 This recommendation is now implemented and UKEF has accelerated its process of assimilating and integrating Global Environment Facility (GEF) partners. Following the launch of the GEF in December 2020, UKEF reached out to members of UK Finance to promote the GEF scheme and work is underway to expand the number of banks operating under the delegated approach.

6.3 UKEF is also reaching out to other finance providers, including several non-bank financial institutions and FinTechs, to understand how its products could be adapted to work for their exporting customers. These discussions remain at an early stage but are progressing positively. It will take a number of months to develop the documentation and for partners to align UKEF's products with their own governance structures and UKEF will update the Committee in due course on the outcome of this work.

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)
- Treasury Minutes correspondence: published 30 June 2021

Update to the Government response to the Committee

An update to the government's last response to the Committee on this report (correspondence sent directly to the Committee dated 30 June 2021 and laid out below for reference), had not been received at the time of publication.

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: June 2021
Original target implementation date: March 2021

1.2 NHSX will publish an Implementation Plan which sets out details of targets for progress in digital transformation, from national-level programmes, to local activity. This is close to completion but as it contains a considerable amount of new information in it that it would be inappropriate to publish during the pre-election period for the local government elections, NHSX will publish later in spring.

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: June 2021
Original target implementation date: March 2021

2.2 NHSX will set out the responsibilities of national organisations for digital transformation as currently constituted following the pre-election period and update this iteratively in the future. NHSX will also reflect the conclusions of the review into Digital Transformation being undertaken by the Chair of NHS Digital, Laura Wade-Gery, once it has concluded.

2b: PAC recommendation: To improve clarity and transparency, the Department should:

- ***Publish an annual report of NHSX's activity and the spending it controls and/or directs.***

2.4 The government agrees with the Committee's recommendation.

Target implementation date: June 2021

2.5 NHSX is preparing an annual report on its activity and spending to be published in June 2021.

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: June 2021
Original target implementation date: March 2021

3.2 NHSX will publish its Implementation Plan following the local government elections.

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: Winter 2021
Original target implementation date: Summer 2021

4.2 As reported in January 2021, NHSX will use standards to provide clarity for providers, as part of its ongoing work to support interoperability through embedding and maintaining standards. To recap, the approach is to drive progress through compliance and improvement, using levers and incentives including procurement frameworks, standard contracts and guidance. A standards registry will provide clarity and drive adoption through a consistent process, connecting the levers and incentives to standardisation work. This is in discovery and will be published by December 2021.

4.3 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: Autumn 2021
Original target implementation date: Summer 2021

5.2 As reported in January 2021, 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.

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 As reported in January 2021, NHSX will publish the minimum digital capability expected within organisations through the 'What Good Looks Like' exercise and support systems and providers to baseline themselves against this. This baselining exercise will help organisations establish the residual digital capabilities that they need to invest in to achieve the minimum expected capability. What Good Looks like will be published alongside the Implementation Plan in May.

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
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), three recommendations below remained work in progress, two of which are now implemented.

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.

Recommendation implemented

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. This was further considered within the Defence Command Paper, Defence in a Competitive Age. This affirms the department (and the government's) ambition for UK Carrier Strike through the underlying Global Britain policy. As an example, it states "*the CSG [Carrier Strike Group] offers unique* *strategic flexibility, from countering state threats and non-state threats, through to humanitarian and disaster relief. A UK CSG will be permanently available to NATO, an embodiment of our unwavering commitment to the defence and deterrence of the Euro-Atlantic area […] it will showcase the UK's ability to project global influence and send a powerful message about our ability, and our willingness, to act globally.*"

2.3 Concurrently, the department is engaging with counterparts in the United States to determine a new 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 conclusion: The Department still does not fully understand Carrier Strike's support and operating requirements or costs.

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 when The Permanent Secretary wrote to the Committee on 18 December 2020. This remains the latest assessment whilst more data is gathered. As has been previously reported, 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.

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.

Recommendation implemented

6.2 The department has considered the capabilities required to support the carriers as part of the Integrated Review. As requested the department wrote to the Committee on 30 June 2021, providing an update on the two specific capability areas that required investment: the Fleet Solid Support Ship (FSS), and Maritime Intra Theatre Lift (MITL).

6.3 Since that correspondence, the FSS competition is on a positive footing to deliver the capability, with four UK led bidders now on contract as part of the Competitive Procurement Phase to develop their design and compete for the final contract award for manufacture. This phase runs until spring 2023.

6.4 As stated in the recent letter to the Committee of 30 June 2021, the department will not have a full understanding of the MITL requirement until the interim capability has been ‘road tested’ in 2021 over the course of the Carrier Strike deployment. This will then be factored into future capability requirements and potential investment in future planning rounds.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), two recommendations below remain work in progress.

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

4.2 The Ministry for Housing, Communities and Local Government (the department, now known as the Department for Levelling up Housing & Communities, DLUHC) is due to publish its Monitoring and Evaluation Strategy for the Towns Fund in Autumn 2021. A copy of this report was included with the Towns Fund 2021 PAC Report. This provides an opportunity to measure success, capture outcomes and identify what works for the benefit of future local growth programmes.

4.3 The department has now offered deals to all 101 Towns. The first annual report, detailing the progress of the Towns Fund was provided to the Committee in September. This included details on the monitoring and evaluation process and how long-term outcomes of the fund will be captured, along with a copy of the Monitoring and Evaluation Strategy.

4.4 The department has started the process of procuring a supplier to carry out an evaluation of the fund which will consider the impact of the investments in places and ensuring interventions provide value for money. The evaluation will help to fulfil the M&E strategy by identifying what parts of the fund have or haven't performed well and why – so lessons can be learned for future work. The full tender is due to be published in Autumn 2021.

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: October 2021
Original target implementation date: April 2021

5.2 The department continues to support towns directly. Every town has a named contact in the Cities & Local Growth Unit to provide ongoing guidance and support. The Towns Fund Delivery Partner, Arup and consortium will continue to provide support to towns until December 2021. There is ongoing work to consider options to ensure towns continue to be supported after this date.

5.3 The department will use surveys and stakeholder conversations to develop knowledge and understanding of the challenges facing key delivery partners, with a specific focus on the capacity and capability of Local Authorities delivering projects funded through the Towns Fund. This knowledge will be used to address these challenges and shape our delivery support going forward.

5.4 To support places with project delivery, the Department is releasing an early payment of 5% of towns' Heads of Terms offer in the form of a Section 31 grant. The intention of this funding is to enable early-stage activity, such as Business Case development and feasibility work. Funding is paid to towns once they have cleared the project confirmation process, and payments have already been made to towns.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), two recommendations below remained work in progress, both of which are now implemented.

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.

Recommendation implemented

4.2 The contracts contain mechanisms by which the Home Office (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.

4.3 The department has engaged auditors to undertake a financial audit of all three Accommodation and Support Contracts (AASC) accommodation providers, which commenced this summer 2021, initially delayed due to system wide pressures created by the pandemic. The audit covers activity within the contracts since they became operational. The audit is due to conclude by the end of 2021 and, once completed, the outcomes will provide a clearer picture of expenditure and inform planning to ensure value for money is delivered.

4.4 The department has taken 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 completed several recruitment campaigns and we are in the process of on boarding successful candidates.

4.5 The department has developed an Initial Contract Management induction pack, incorporating commercial training via the Government Commercial College, as part of a leaning pathway to bolster expertise in this area. All Service Delivery Managers (SDMs) and Contract Leads have completed the accredited mandatory foundation training, which is the pre-requisite for expert and practitioner level, following a successful business case for funding. Enrolment for all permanent staff onto the next level of the course is underway.

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**.**

Recommendation implemented

5.2 Working within Cabinet Office guidance and commercial confidentiality, summary performance data is being shared at [Key Performance Indicators (KPIs) for government's most important contracts - GOV.UK (www.gov.uk)]

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. The first set of survey results have been shared with key external stakeholders. A Customer Insight Dashboard, capturing feedback from all ASC and Advice, Issue Reporting and Eligibility (AIRE) surveys, has been created and shared internally to support with continuous improvement of the department's service.

5.4 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. Change Plan Data and Place Based Reports are regularly shared with the HOLGCEX, and the department is working to develop the technological infrastructure that will enable more regular and automatic sharing of key information and data, in a secure manner, with stakeholders. The system changes that are required to implement this are on course for delivery in late autumn 2021.

5.5 The department is in the process of reviewing lessons learnt from the data sharing pilots that have been concluded in Glasgow and the North-West and will be writing out to stakeholders with the outcome of that review and more details on plans and timetable for wider roll-out.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 424 above), six recommendations remained in progress, five of which are now implemented 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.

Revised target implementation date: November 2021
Original target implementation date: July 2021

2.2 As set out in the Department for Work and Pensions' (the department's) Annual Report and Accounts 2020-21, the COVID-19 pandemic has led to significant changes in caseload and the way the department operates with the introduction of COVID-19 easements and the economic environment. The department will see further changes as the economy recovers, easements are lifted, the furlough scheme unwinds and people begin to migrate to Universal Credit. It is important to understand the impact of these changes on the nature of fraud and error in any targets the department sets.

2.3 In addition, the case sampling that the department carried out in 2021 as part of the fraud and error statistical measurement is still being impacted by COVID-19 easements and therefore does not represent a stable baseline against which to set a target.

2.4 The department is developing options for setting an overall fraud and error target and a separate Universal Credit fraud and error target for future years. This approach is based on the need to have a more stable baseline. The outcome of the 2021 Spending Review and confirmation on whether the department has the funding for the options it has included to further reduce fraud and error, will also have an impact on the level of any target. The department will therefore announce the target later in the Autumn 2021 following the completion of the 2021 Spending Review.

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.

Recommendation implemented

3.2 The department faced an unprecedented challenge in meeting the surge in new Universal Credit claims due to COVID-19. In the health emergency, the department prioritised getting money as quickly as possible to those who needed it most. To allow this to happen, it streamlined checks to ensure that people could make a claim safely (Trust and Protect), whilst remaining at home.

3.3 The department logged and tracked all the easements it put in place. However, there are some people that chose to exploit opportunities brought about by Trust and Protect to exaggerate or fabricate their circumstances. Although expected, this remains disappointing given the circumstances.

3.4 The department published information on the impact of these easements in its 2020-21 Annual Report and Accounts. The Accounts outline how Trust and Protect, changes in the Universal Credit caseload and suspension of the Minimum Income Floor led to an increase in fraud and error. The publication also explains how the department mitigated the impact of the easements, with interventions preventing losses in the region of £3 billion in 2020-21.

3.5 The department continues to transition from these easements, using agile ways of working in order to deliver optimal solutions. This ensures that it learns from the easements in place to support the department to transform key processes where the evidence supports this, rather than simply returning to the previous model.

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.

Recommendation implemented

4.2 The department's Integrated Risk and Intelligence Service (IRIS) co-ordinates and brings together the monitoring of, and response to, fraud risks. This includes understanding threats and risks, developing rules and analytical tools to identify and target risk, and then evaluating the impact of controls and interventions. Alongside IRIS, the department's Fraud, Error and Debt analysis team has well developed mechanisms for tracking the costs and savings associated to each fraud and error initiative. This enables the department to set out clearly the level of overpayments identified and prevented by each intervention. This is demonstrated by the information included in the 2020-21 Annual Report and Accounts where the department has set out the positive impact associated to the introduction of the Enhanced Checking Service.

4.3 IRIS identified new threats during COVID-19 pandemic and developed rules and analytical tools to identify and target risk. As part of this approach, the team worked across government so that it could use data as a means of preventing and detecting fraud. Going forward, the department will continue to develop Transaction Risking which provides it with the ability to identify potential fraud and error when a claim is made, or a change of circumstances reported.

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.

Recommendation implemented

5.2 As part of continuous improvement, the department remains focused on its commitment given to identify and explore new opportunities that would help to tackle fraud and error such as changes to policy. This includes identifying where future legislative changes would help facilitate those changes.

5.3 On conclusion of this exploratory work, Ministers would seek to bring any proposed legislative change to Parliament for scrutiny in the usual way.

6: PAC conclusion: As of 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.

Recommendation implemented

6.2 The most efficient method of recovery where a debtor is in receipt of benefits is to recover from source; nearly 90% of debt was recovered this way in 2020-21. When a customer leaves benefit, the department seeks to agree an affordable recovery plan in the first instance. However, the department also has the powers of Direct Earnings Attachment where customers are in work and as a last resort it can also refer debts to the private sector. Approximately 67% of debtors are in active recovery.

6.3 At the end of 2020-21, benefit overpayment and Tax Credit balances accounted for £5 billion of the total overall debt stock. This is expected to increase next year as Tax Credits continue to wind down and transfer to Universal Credit. To tackle this, the department has recruited additional staff and it plans to bring in further staff by the end of 2021-22. So far 422 additional Debt Management staff have been recruited. The department is also taking forward work to analyse its debt stock. This will help it develop a robust understanding of the effectiveness of its processes, policies and recovery strategies. Findings will inform options for possible policy/legislative change and possible extension of recovery powers

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.

Recommendation implemented

7.2 The department wrote to the Committee in May 2021 setting out how it supports vulnerable citizens who owe money to the department or have been underpaid.

7.3 Published Fraud and Error estimates show that underpayments arise through incorrect reporting or verification of claimant circumstances. The department endeavours to make it easy for claimants to provide updates, where possible enabling claims to be updated automatically.

7.4 Work continues to improve systems and processes, driving down causes of official error. Completion of an exercise to identify automation opportunities should further improve information sharing across benefits, with particular focus on additional premium payments, a leading cause of underpayments to some of the most vulnerable customers. Maximisation of data usage will continue to prevent and/or minimise the size of over and underpayments.

7.5 The department looks to correct mistakes quickly and has carried out exercises to update claimants' awards in Personal Independence Payment, Employment and Support Allowance and State Pension.

7.6 The debt policy allows flexible, affordable repayment rates. Since September 2020, an online payment solution has been introduced, enabling self-serve repayment. This solution will iterate and become available for more customers. The department implemented the HM Treasury led Breathing Space policy from May 2021. So far, 2,261 people have had repayments suspended for the Breathing Space period. The department also continues to work closely with Cabinet Office on 'Fairness in Debt Management' to identify opportunities for supportive policy change.

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 – February 2021 (CP 376)
- Treasury Minutes Progress Report: May 2021 (CP 424)

Government response to the Committee

Following the government's last response to the Committee on this report (CP 424 above), three recommendations below remained work in progress, one of which is implemented.

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.***

At the time of publication an update had not been received from the Department of Health and Social Care and NHS England and NHS Improvement to the last response provided in May 2021 which is set out below for reference.

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.

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.

Recommendation implemented

4.2 Version 3 of the Outsourcing Playbook, rebranded as the Sourcing Playbook, was published May 2021 with refined and updated policy to reflect latest priorities and lessons learnt. The Cabinet Office is committed to an annual refresh of the Sourcing Playbook, working with DHSC and other departments to ensure the latest lessons learnt are captured and reflected in the playbook and disseminated and embedded through the implementation work that is carried out across Central Government and the wider public sector; knowledge drops, deep-dive learning sessions and on the shoulder support for departments.

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 skill development and identification. In addition to commercial accreditation, a commercial career framework has been designed with commercial role profiles. In 2022, all GCO specialists will be mapped to commercial role profiles and this will be further enhanced with a skills capture tool. A training programme for junior commercial staff has also been launched to develop our future commercial leaders. Activity is also underway to ensure that assessment and associated capability building in the commercial space continues across the wider public sector, with a target date of March 2023 for those organisations with the highest third party spend. This will ensure that in the event of future crises more commercially trained /assessed and accredited staff will be available for deployment.

5.3 In addition to commercial skills development, a programme is in place to train and assess all central government contract managers to foundation, practitioner and expert level - for bronze, silver and gold status contracts respectively. The programme aims to complete training and assessment in central government by March 2023.

5.4 Stemming from the Boardman 2 report, Civil Service HR is putting in place a database of retired and current Senior Civil Servants trained for crisis management who can be brought in to head up a crisis team as senior leaders. Civil Service HR will also create a small central team to keep a register of resources from across the Civil Service that have previous consultancy experience to be drawn on when a rapid response is required.

5.5 Rapid response is down to three criteria - training, identification and mobilisation. The training is ensuring that the commercial team are trained and accredited in line with the people standards. The skills capture tool will allow us to understand the resources available in the commercial function and therefore deploy them more quickly once the requirements are understood. The agile recruitment and flexible employment model built through the COVID-19 pandemic will also help to engage additional resources either to back-fill internal moves, or enhance new team requirements.

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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), nine recommendations remained work in progress, eight of which are now implemented.

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.

Recommendation implemented

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 a number of documents which communicate its forward plans and costs. These documents set out its key milestones, intended programme of work and information in relation to lifetime cost estimates, namely:

NDA Strategy
NDA Business plan
NDA Mission progress report and
NDA Annual Report and Accounts, including details on the Nuclear Provision

The Strategy, Business Plan and Annual Report and Accounts have recently been updated and published, between March and July 2021.

1.4 The Mission Progress Report demonstrates how much progress has been made to the NDA's mission since 2005, and how much further is left to go over the next 120-plus years. The cross reference to this in the NDA's annual report and accounts has been included in a National Audit Office good practice guide (page 36).

1.5 These documents are the NDA's means of publicly communicating the challenges and uncertainties associated with its mission. Of these, the Strategy, Mission Progress Report and the Nuclear Provision 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.

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.

1.6 The government agrees with the Committee's recommendation.

Recommendation implemented

1.7 The 2021 NDA Strategy sets out how the NDA will prioritise its work across the entirety of its sites to decommission them in the most efficient and effective way.

1.8 The NDA uses a value framework to inform its decisions and ensure transparency in the NDA's decision making. It uses established factors to assess strategic options. This approach is used in the spending review process to inform national level prioritisation. As a whole, the NDA programme is prioritised towards reducing risk, reducing lifetime costs and growing skills and knowledge to deliver benefits both nationally and to local communities.

1.9 The 2021 NDA Strategy includes a significant change to the strategy for decommissioning the Magnox reactor sites. The previous strategy involved a blanket approach of clearing most buildings and then leaving the reactors and sites in a safe and secure state for several decades, before final site clearance. This strategy was generally referred to as a "deferral" strategy.

1.10 Following learning gained at Bradwell nuclear power station, the NDA has concluded that deferred decommissioning is not appropriate as a blanket strategy for all reactors because of their different design, location, age and physical condition. Consequently, the NDA has endorsed a site-specific approach to Magnox reactor decommissioning which will involve a mix of decommissioning strategies.

1.11 Key programme dates for the Magnox sites will be progressively included in the NDA's annual Business Plan, with the next version to be published in Spring 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.

Recommendation implemented

2.2 The Energy Act 2004 requires the NDA to update its strategy every five years and, in doing so, to conduct a public consultation and engage key stakeholders. Following a comprehensive public consultation process, the NDA published its latest strategy in March 2021.

2.3 The strategy outlines the approach to ensuring that the NDA's sites are decommissioned and cleaned up safely, securely, cost-effectively and in ways that protect people and the environment, and includes actions being taken to improve strategic outcomes. NDA continuously looks for more effective and efficient way to deliver its strategy through a focus on performance improvement and technical innovation.

2.4 The development of the strategy (taking account of feedback from its public consultation), includes seeking opportunities to reduce the time taken to decommission the sites, based on a range of policy and strategy interventions. Good examples of this are the revised strategy for the decommissioning of the Magnox sites and the new Integrated Waste Management Strategy.

2.5 The strategic outcomes of the five yearly strategy review are reflected in the NDA Business Plan which was published in March 2021.

2.6 The detailed impact of changes in the cost profile including those resulting from strategic opportunities for each of the NDA's sites/subsidiaries are reflected in their respective lifetime plans. These are updated routinely and cumulatively reflected in the NDA's Nuclear Provision and Total Expenditure Profile, as detailed in the Annual Report and Accounts (last published in July 2021).

2.7 The NDA's mission extends over many decades and understanding will continue to develop on the long term impacts on the cost profile.

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.

Recommendation implemented

2.9 The Advanced-Gas-Cooled Reactor stations (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 is 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 the department's 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 Energy's decommissioning plans.

2.10 In summer 2021, the government and EDF Energy agreed a revised set of arrangements for decommissioning the AGRs. They will transfer to the NDA for management of the long-term decommissioning programme, after EDF has defueled the sites. The new arrangements provide significant potential cost savings for the taxpayer, with the potential to achieve upward of £1 billion of savings over the life of the decommissioning programme.

2.11 The department will continue to work with the NDA and EDF Energy to understand the scale of the liability for decommissioning the AGRs.

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.

Recommendation implemented

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.

3.3 The NSSG routinely publishes a Nuclear Workforce Assessment Report. An updated version is due to be published in December 2021. The information contained within the updated report will continue to support evidence-based planning for future interventions and activities the sector will need to meet its skills requirements.

3.4 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.

3.5 The NDA's recently published strategy includes a 'People' section, outlining the NDA's aspiration and commitments for the future and providing an overview of its detailed plans to meet the demand for skills across the UK nuclear industry.

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.

Recommendation implemented

4.2 The Magnox Inquiry final report was published in March 2021 and the BEIS Departmental Review of the NDA was published in June 2021. The government published a combined response to the Inquiry and Departmental Review in July 2021, which included replies and commitments to the recommendations from BEIS, UK Government Investments (UKGI) and Cabinet Office. The NDA's own combined response was published alongside. Both the NDA and government responses were shared directly with the Committee by letter.

4.3 Reflecting the findings of the review, government will be taking a stronger interest in NDA target setting as well as improving the process for evaluating the performance of the NDA Chair. We have strengthened the links between the NDA Chair and CEO and BEIS ministers and senior officials.

4.4 Alongside this, further improvements to oversight will be achieved through changes to the BEIS NDA Sponsorship team. It will:

- have a dedicated senior civil servant;
- be grown and enhanced in order to more efficiently respond to NDA interactions and better access support from the UKGI team; and
- take on a dedicated project and programme management office

4.4 The government's July 2021 response to the Committee included substantial sections on governance and interfaces, and risk and assurance. It sets out how oversight and assurance have been, and will continue to be, strengthened. For example, creation of a dedicated board committee to review projects and programmes, improved and clearer objective setting, a revised NDA Framework document to better reflect current practice, changes to the contracting model and improved assurance planning. The NDA provided further detail directly to the Committee in October 2021.

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.

4.5 The government agrees with the Committee's recommendation.

Recommendation implemented

4.6 The government's assurance and oversight of the NDA has been strengthened over many years, including the appointment of a UK Government Investments (UKGI)/ Shareholder Executive (SHEX) director to the NDA Board 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.

4.7 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 consistency of messaging regarding NDA's overall performance and assurance and can also help to bring about change where required.

4.8 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 director general level and the shareholder team works in partnership with the BEIS Sponsorship and Policy team.

4.9 The Magnox Inquiry and the BEIS Departmental Review collectively provide a spectrum of recommendations on this topic, which are acknowledged in the July 2021 government response. The department has committed to write to the Committee again by the end of 2021, with a detailed update around the planned enhancements to the oversight of the NDA.

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.

Recommendation implemented

5.2 A key feature of NDA's 'One NDA' vision is to "be trusted to do more". Accordingly, the NDA provided a response to the Committee in October 2021 based upon its new strategies for developing and exporting knowledge, skills and technology, where appropriate to support supply chain growth, decommissioning of UK based non-NDA liabilities and in international relations (recognising that these strategies must be delivered in a way that is complementary with NDA's core mission).

5.3 Around £1.9 billion of the NDA's annual budget flows through the supply chain. 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.

5.4 Some other UK nuclear operators, such as the Ministry of Defence and EDF Energy, have existing and predicted future liabilities which, in some instances, it may be more appropriate for the NDA group to manage, where this would deliver benefit to the taxpayer by simplifying contractual arrangements and optimising the use of existing facilities. The NDA is exploring these opportunities on behalf of government.

5.5 The NDA's updated strategy will see the NDA group taking a more targeted and integrated approach to international engagement, building on the opportunities that One NDA provides to better leverage the group's knowhow, brand, and relationships to deliver a range of benefits. This includes supporting the supply chain in exporting – by helping to develop markets based on the sharing of the UK's experience, showcasing work on its sites, and making available its intellectual property - as well as delivering revenue for the taxpayer. To date, the NDA has supported over £50 million exports by UK industry into Japan. It will use its suite of collaboration agreements to work with counterpart organisations on common challenges, sharing experience and skills, conducting peer reviews, and optimising cost through joint technology development projects, helping to ensure it meets obligations to ensure best practice.

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 the NDA has 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. To further increase transparency, the NDA also provides in-depth analysis of its work. For instance, the impacts associated with the Magnox sites were reported and published in 2018.

6.5 The NDA is currently undertaking a full update to its economic impact assessments and will report back to the Committee when this is complete. This study will cover all of the NDA's sites and cover direct employment effects, supply chain expenditure and indirect effects of local expenditure on hotels and 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)
- Treasury Minutes Progress Report – May 2021 (CP 424)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 424 above), one recommendation remained work in progress and is now implemented below.

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.

Recommendation implemented

2.2 Since 1 January 2021, government communication has continued to support businesses and citizens by sharing clear guidance on how they can adapt to new rules and processes following the end of the Transition Period in order to limit disruption. The UK Transition Public Information Campaign (PIC), which aims to raise awareness and support the public through changes, will continue until March 2022.

2.3 At regular intervals during the UK Transition campaign, the Transition Communication Centre have reviewed the lessons learnt from the previous 'Get ready for Brexit' campaign to ensure that the government remains on course to deliver against them. Specifically, NAO reviews gave helpful lessons around the use of the central communication hub, a greater focus on audience-led campaigning, developing a centralised PR strategy, prioritising those audiences where a lack of action will have the greatest disruptive impact and setting out clear KPIs to measure impact and value for money.

2.4 Earlier this year, the decision was made to continue with the Northern Ireland grace periods and push back the introduction of staged import controls, with most import controls to be introduced from 1 January 2022 and some physical checks on 1 July 2022. This means the government is continuing communication activity well into 2022 so businesses prepare for the changes as and when they decide to import.

2.5 The government's Travel campaign went live in May 2021 to coincide with travel restrictions lifting, aiming to ensure those travelling to the EU for leisure or business take action before they travel, thereby minimising disruption at borders in the face of an ongoing and dynamic response to the COVID-19 pandemic.

2.6 Considering these actions, the Cabinet Office has fully implemented this recommendation.

Thirtieth Report of Session 2019-21

HM Treasury, Payment Systems Regulator, Financial Conduct Authority, Royal Mint and Bank of England

The Production and Distribution of Cash

Introduction from the Committee

The use of cash in transactions is in decline. Cash was used in six out of 10 transactions a decade ago but in 2019 was used in less than three in 10. Its use is expected to fall further still, a trend which may accelerate as a result of the decline in cash use during the Covid-19 pandemic. The decline is putting pressure on the commercial viability of the infrastructure which supports the distribution of cash. The UK's cash system involves largely public sector production and private sector distribution. A range of public bodies have responsibility for aspects of the cash system: HM Treasury has responsibility for delivering the government's policy aim, which is "to safeguard access to cash for those who need it, while supporting digital payments"; the Royal Mint, under contract to HM Treasury, manufactures coins; and the Bank of England is responsible for producing notes and also governs the wholesale distribution of notes in England. In addition, the Payment Systems Regulator (PSR) regulates the Automated Teller Machine (ATM) network and the Financial Conduct Authority (FCA) regulates financial services providers who between them provide much of the cash distribution network. In May 2019, HM Treasury established a new coordinating group, the Joint Authorities Cash Strategy (JACS) Group, with the Bank, the FCA and the PSR to "set up strategy, coordinate work to support nationwide access and help safeguard cash for those that need it".

In its March 2020 Budget, the government announced that it would bring forward legislation to protect access to cash and ensure that the UK's cash infrastructure was sustainable in the long-term. In October 2020, the government published a call for evidence setting out its legislative aims for protecting access to cash and seeking views on key considerations for the future of the UK's cash system.

Relevant reports

- NAO report: The production and distribution of cash – Session 2019-21 (HC 730)
- PAC report: The production and distribution of cash – Session 2019-21 (HC 654)
- Treasury Minutes February 2021 (CP 389)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 389): five recommendations remained work in progress, three of which are now implemented.

2: PAC conclusion: We are not convinced that the public bodies understand how declining access and acceptance of cash can adversely affect many people's lives.

2: PAC recommendation: In undertaking their plan to secure continued access to cash, the government should set out how they propose to incorporate the concerns and requirements of different communities and groups to ensure that solutions actually meet local needs. The plan should set out what consumers, particularly those in vulnerable groups, can expect in terms of accessing and using cash in their locality.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 As highlighted by the Committee and in the department's previous response, the government recognises that cash remains important to millions of people across the UK and there are a range of ways and reasons for people to use cash. These can include the importance of cash as a symbol of independence, as well as an important budgeting tool, and as a way that elderly or vulnerable people can access social opportunities.

2.3 Since the government's last response to the Committee's recommendations through the Treasury Minute in February 2021, the government published a Consultation on Access to Cash on 1 July 2021. This set out proposals for new laws to make sure people only need to travel a reasonable distance to pay in or take out cash. The government's proposals would support the continued use of cash in people's daily lives and help local businesses to continue accepting cash by ensuring reasonable access to deposit facilities.

2.4 In line with the Call for Evidence on Access to Cash, the government considers that flexibility and proportionality will be important criteria to meet the needs of individuals and businesses, including those in vulnerable groups.

2.5 As part of the consultation, the government has proposed that the Financial Conduct Authority (FCA) is made responsible for monitoring access to cash. In July 2021, the FCA, along with the Payment Systems Regulator (PSR), published an updated assessment of the UK's cash infrastructure and consumer research. This research considers the needs and preferences of those reliant on cash.

2.6 The government has also made legislative changes to support the widespread offering of cashback without a purchase by shops and other businesses as part of the Financial Services Act 2021. This has the potential to be a valuable facility to cash users. Since the legislation came into effect, industry has announced plans to rollout services nationally.

3: PAC conclusion: No one is in overall charge of making sure that people and businesses have access to cash.

3: PAC recommendation: HM Treasury needs to give overall responsibility for the cash system to a single body, with the other bodies having clearly defined roles to support this. It should address potential gaps in current oversight, for example in overseeing the end-to-end resilience of the cash system.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The government aims to ensure that the authorities have the appropriate powers and responsibilities to oversee the cash system efficiently and effectively.

3.3 The government's Call for Evidence on Access to Cash stated that there may be significant benefit in giving a single authority overall responsibility for setting requirements to ensure that the retail distribution of cash meets the needs of consumers and small and medium sized enterprises. Furthermore, it set out the government's view that the FCA may be well positioned to take on this function through legislation.

3.4 Through the Consultation on Access to Cash, the government has set out its position that a single regulator should be given overarching regulatory oversight of the retail cash system. The consultation set out legislative proposals to make the FCA the lead regulator for oversight of the retail cash system with responsibilities for the monitoring and enforcement of cash access requirements.

3.5 The government intends that the Payment Systems Regulator and Bank of England continue with their existing functions to support the delivery of requirements to address consumer and small and medium enterprises' needs regarding the retail distribution of cash.

3.6 Ongoing coordination between competent authorities continues to be paramount for a coherent and effective approach to managing cash access needs. In particular, the FCA and PSR must be closely engaged in advancing cash access objectives, given the PSR's responsibilities for regulating LINK and other designated payment systems that have an automated teller machine (ATM) network.

3.7 The government considers that ensuring an appropriate Memorandum of Understanding is in place for the purposes of advancing access to cash objectives is an appropriate mechanism for the regulators to co-ordinate with each other.

4: PAC conclusion: The Bank of England seems to lack curiosity about the huge volume of notes not used or held for day-to-day transactions.

4: PAC recommendation: The Bank, working with other public authorities such as HMRC, should take action to improve its understanding of the factors that are driving the increase in demand for notes, and also who is holding the approximately £50 billion worth of notes.

4.1 The Bank of England agrees with the Committee's recommendation.

Target implementation date: December 2021

4.2 As highlighted by the Committee, the value of banknotes in circulation continues to increase even as the use of cash for day-to-day transactions falls. These trends have been exacerbated by the COVID-19 pandemic, and the trend towards holding banknotes as a store of value has been seen in many other countries. This is a key function of money, and thus consistent with the use of banknotes.

4.3 Research into the trends in banknote use has historically been a key objective of the Bank of England's work. That is because the factors influencing cash demand have a significant bearing on several aspects of the Bank of England's cash operations. These including forecasting the demand for banknotes, understanding how the changing level of usage affects utilisation within the cash system and the infrastructure necessary to support cash processing, estimating the lifespan of banknotes, and in turn projecting the level of unfit banknotes that need to be replaced.

4.4 The Bank of England has commissioned, overseen and is analysing the results of two surveys: on households' use of banknotes as a store of value; and on small businesses' banknote holdings and usage. The Bank of England will also conduct analysis on other sources of banknote demand, such as international demand for sterling as a store of value and for tourism.

4.5 The Bank of England has also had productive dialogue with other authorities whose remits and responsibilities mean they are better positioned to advise on other sources of demand for banknotes. This has included liaison with Her Majesty's Revenue and Customs, the National Crime Agency, and the Office for National Statistics.

4.6 The Bank of England will publicly update its assessment of banknote demand in due course.

5: PAC conclusion: The Bank of England's stock of notes seems high and it is not clear to us how the Bank decides upon what is an appropriate stock level.

5: PAC recommendation: The Bank should ensure that it properly records and evidences the judgements it makes about printing notes and its stock levels so that it can be properly held to account for the decisions it makes.

5.1 The Bank of England agrees with the Committee's recommendation.

Target implementation date: December 2021

5.2 Decisions regarding banknote stock levels involve a range of considerations, including forecasts of the demand for banknotes, the impact of events such as note launches, and the need to ensure value for money by having efficient print runs and making the best use of the Debden site's print capacity. The Bank of England agrees with the Committee's recommendation that it is important that how these factors are balanced in making print decisions is clearly documented.

5.3 As recommended by the Committee, the Bank of England is reviewing its internal documentation of judgements about printing notes and stock decisions, and several improvements have already been made. The financial implications of decisions have always been carefully considered, with relevant experts involved in preparing advice and providing recommendations to decision makers. The documentation around the full range of considerations has now been enhanced and made more detailed, so there is greater clarity around how they are weighed when making decisions. Likewise, further detail is now included in written briefing on factors that could impact note demand, which would ultimately feed through to stock levels. The recording of banknote printing decisions is also being revised so that key judgements, and the relevant factors that underlay these judgements (including financial considerations), will be recorded in a clear and consistent form. The record will also describe the weight decision makers attached to the main risks that were analysed.

5.4 As a result of these enhancements, there will be a range of internal documentation that clearly identifies the factors that led to particular stock ordering decisions, with a clear emphasis on the weight placed on financial factors and the risk of excess stock holdings via projections, key judgements and consideration of relevant risks.

5.5 The new process is being trialled and will be fully in place by the end of 2021.

6: PAC conclusion: The continued reduction of coin use, possibly accelerated by Covid, is likely to put further pressure on the Royal Mint's ability to deliver a profit on its UK coin manufacturing operations.

6: PAC recommendation: In the Treasury Minute response to this report, HM Treasury and the Royal Mint should set out how they are ensuring that the plans for manufacturing UK coins are sustainable and cost effective.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The Royal Mint (TRM), with HM Treasury's encouragement, has made significant advancements in its overall business operations, and since 2018 TRM has reduced the average direct manufacturing cost per UK coin. These cost reductions and efficiency gains are part of TRM's continuous improvement plans and on-going business strategy, led by market demand. TRM's continued focus on reducing capacity in line with the market has driven headcount, costs, and stock down, 35%, 33% and 49% respectively over the past three years.

6.3 TRM continue to look for opportunities to drive efficiencies across the currency business and transition from fixed costs to variable, ensuring flexibility as volumes changes. One area of focus has been on Operational Equipment Effectiveness (OEE), a measure of manufacturing productivity, where TRM have taken significant steps and has resulted in the OEE measure increasing to above 90% in some areas.

6.4 TRM are in the process of removing three older plating lines to be replaced by one newer modern line which will require lower manning, be more cost effective, and enable TRM to be more competitive in the market.

6.5 In addition to the plans which TRM, with HM Treasury's encouragement, have already set out to ensuring manufacture of UK coin is sustainable and cost effective, TRM will continue to consider these factors in the future. TRM are in the final stages of agreeing a five-year strategy with the Board, which will set out TRM's further plans for sustainable manufacturing. It is anticipated this will be agreed in early Spring 2022.

Thirty-First Report of Session 2019-21

Ministry of Housing, Communities and Local Government

Starter Homes

Introduction from the Committee

The Ministry of Housing, Communities & Local Government (the Department) aims to support the delivery of a million new homes in England between April 2015 and the end of 2020, half a million more by the end of 2022, and be on track to deliver 300,000 net additional homes per year by the mid-2020s. These ambitions have been expressed in an extensive array of policies. The government announced one such policy in April 2015 when it committed to delivering 200,000 Starter Homes to be sold at a 20% discount and available exclusively for first-time buyers under the age of 40. The November 2015 Spending Review provided £2.3 billion to support the delivery of 60,000 of these planned homes. From 2015, the Home Builders Federation administered a register of people interested in buying a Starter Home. But despite the Department having spent £192 million by July 2019 on remediating land intended for Starter Homes, none have been built because the Department has not enacted the necessary secondary legislation following the Housing and Planning Act, 2016. The spending is, however, supporting the development of homes more generally, including some affordable housing. In January 2020 the Department announced that the Starter Homes policy was no longer being pursued. In February 2020 it launched a new initiative, First Homes, which also aims to deliver discounted homes for first-time buyers, while differing from Starter Homes in some significant ways.

Relevant reports

- NAO report: Investigation into starter homes – Session 2019-21 (HC 275)
- PAC report: Starter Homes – Session 2019-21 (HC 88)
- Treasury Minutes February 2021 (CP 389)

Update to the Government responses to the Committee

Following the government's last response to the Committee on this report: (CP 389 above), two recommendations remained work in progress, one of which is now implemented.

5: PAC conclusion: The long-term success of the Department's housing policies depends on it being able to engage effectively with organisations across the housing sector and provide clarity on funding, without losing sight of the needs of those who are unlikely to be able to buy or rent their own home without support.

5a: PAC recommendation: The Department should write to us within three months to explain how it is addressing the problems of homelessness, rough sleeping, and families in temporary accommodation.

5. 1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Department for Levelling Up, Housing and Communities (formerly the Ministry of Housing, Communities & Local Government) is committed to ending rough sleeping and fully enforcing the Homelessness Reduction Act. The department has to the Committee to explain how it is addressing the problems of homelessness, rough sleeping, and families in temporary accommodation. The department represented this area at the recall hearing on 1 November

2021, following a hearing on homelessness and rough sleeping in January 2021. Both of these sessions were opportunities for the department to explain how it is addressing the problems of homelessness, rough sleeping, and families in temporary accommodation.

5c: PAC recommendation: the Department should increase its efforts to work more closely with local authorities and developers and

ii): make greater use of innovative methods such as modular forms of housing… to ensure housing is of decent quality.

5.3 The government agrees with the Committee’s recommendation.

Target implementation date: Autumn 2021

5.4 This recommendation is being implemented. The department has worked closely with local authorities, combined authorities, and developers in development of its approach to intervention in the modern methods of construction (MMC) sector. A main focus has been addressing strategic barriers to the uptake of MMC, including the lack of standardisation and the difficulties obtaining product warranties. The department is committed to continuing to work with the sector to address systemic issues and achieve sustainable growth.

5.5 The Affordable Homes Programme target that 25% of new homes delivered by Strategic Partnership will use MMC has been exceeded, with 40% of the delivery from our first allocations in the Affordable Homes Programme featuring MMC. At Spending Review, DLUHC made a specific commitment in SR 2020 to develop a metric on the ‘share of supported completions using Modern Methods of Construction’. The department is currently working to establish a suite of metrics for MMC to enable robust baselining and trends analysis.

5.6 To build on this work the department is establishing an MMC Task Force to bring together industry and government experts to help accelerate the uptake of MMC in housebuilding. The Task Force will work closely with local authorities and Mayoral Combined Authorities to promote greater use of MMC and will help identify and address strategic barriers to enable the industry’s long-term growth. The leader for the Task Force is expected to be appointed this autumn.

Thirty-Second report of Session 2019-21

Cabinet Office and HM Treasury

Specialist Skills in the Civil Service

Introduction from the Committee

Government has for many years recognised the need to recruit and develop people with specialist skills in order to deliver better public services. From 2013 onwards, it has used fourteen 'cross-Government functions' to build specialist skills in the Civil Service. Functions give expert advice, set and assure standards, develop capability and deliver required services. Functions often have a central unit or organisation, for example to set standards and coordinate training across Government, but much of the work of functions is carried out by staff working in departments, for example in finance teams or as commercial practitioners. The Cabinet Office oversees all but five of the Government functions. It holds joint responsibility with HM Treasury for the Project Delivery function and HM Treasury is solely responsible for the Finance and Internal Audit functions. In the past few years new oversight and governance arrangements have been introduced for the functions. The current focus on Civil Service reform provides further context for Government to consider how best to develop specialist skills in the Civil Service.

Relevant reports

- NAO report: Specialist skills in the Civil Service, Session 2019-21 (HC 575)
- PAC report: Specialist skills in the Civil Service, Session 2019-21 (HC 686)
- Treasury Minutes February 2021 (CP 389)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 389 above), six recommendations remained work in progress, all of which have now been implemented.

1: PAC conclusion: Skills shortages in the civil service are responsible for delays, inefficiencies and increased costs in government projects.

1a: PAC recommendation: The Cabinet Office should work with functions and departments to identify skills gaps and should prioritise resolving these as part of the Civil Service Modernisation and Reform process.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 Building capability across the Civil Service features prominently in the Declaration on Government Reform and the Government Campus is being established for this purpose, underpinned by a clear curriculum framework. Under the leadership of the Government Skills and Curriculum Unit (GSCU), functions, professions and departments have provided evidence of skills, knowledge and networks needed, which is shaping the content of each of the five strands of the framework, from universal foundation skills in eg. data analysis, budgeting, project management, through to leadership and management capabilities, and deep procedural and domain-specific expertise. Additional information can be found in the GSCU Business Plan and the Campus/curriculum goals.

1.3 Cabinet Office completed its latest workforce projections exercise in March 2021. For the first time, this exercise collected narrative input on skills and capability requirements alongside quantitative workforce projections. The exercise identified digital and project management as common skills gaps across departments, driving the use of non-permanent workforce (consultancy and contingent labour). The outputs of this exercise have been shared with the functions, the Places for Growth programme and GSCU to help resolve specific skills gaps.

1.4 Cabinet Office has worked with HM Treasury (HMT) and the functions to prepare for Spending Review 2021 (SR21). The work has included collection of extensive workforce data including professions, contingent labour usage and consultancy at Civil Service and departmental level. The workforce dataset is aligned to the SR21 process and uses the same evidence provided to HMT.

1b: PAC recommendation: The current cost of using consultants to fill these gaps should be considered as part of this work. The Cabinet Office should outline in its Treasury Minute response how it plans to reduce reliance on external consultants and mitigate these costs in future.

1.5 The government agrees with the Committee's recommendation.

Recommendation implemented

1.6 Crown Commercial Services' new management consultancy framework - MCF3 - is now live and includes open book accounting provisions.

1.7 The Government Consulting Hub and The Consultancy Playbook – May 2021 were formally launched in May 2021. The Hub is focused on ensuring the government spend on consultancy is effectively triaged (working closely with the controls and commercial teams), achieving as much value as possible from our consultancy spend through knowledge capture, re-use of work, and more focused commissioning, and providing civil servants with the specific skills and knowledge access that consultants bring, to be able to undertake more work ourselves. The Hub is now delivering work with other civil servant teams that would have otherwise been delivered either in part or entirely by the external market,and is ensuring consultancy requirements (including associated costs) start to reduce as the knowledge platform and capability programmes increase.

1.8 HMT has revised and expanded the Online System for Central Accounting and Reporting (OSCAR) definitions of codes used to record spend on contractors, consultancy and other Professional Services, thereby providing greater clarity on usage. This will improve the consistency of reporting and analysis where the purchase includes advisory, implementation or operational services.

2: PAC conclusion: The civil service struggles to attract and retain specialist staff.

2: PAC recommendation: The Cabinet Office, HM Treasury and functions should outline in the Treasury Minute response how, and by when, they will review pay exception case processes across the functions to address current pay disparities and avoid creating an internal market for specialists.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 Cabinet Office continues to review Senior Civil Service (SCS) pay across functions and professions through the Senior Salaries Review Body (SSRB) evidence each year, including the use of SCS pay exceptions. The government's evidence to the SSRB was submitted in January 2021 and its response to the SSRB's report was published in July 2021.

2.3 From September 2021, Cabinet Office is piloting a new capability-based pay system for SCS. It is testing how assessment works using the professional frameworks the functions have developed, and the leadership framework. Capability-based pay progression will incentivise and reward the development of capability and depth of expertise whilst remaining in post, with a clear link between capability increases and target rates of pay. The aim is to create a sustainable way to enable movement through the pay scales based on growth in competence in post, whilst discouraging premature movement.

2.4 For delegated grades, Cabinet Office continues to collate and share the use of allowances across departments to encourage pay coherence. The Civil Service Pay Remit Guidance (reviewed annually) outlines the pay flexibility business case and criteria process.

2.5 Professions and functions are able to submit proposals for specialist pay frameworks, via the pay flexibility process. For specialist pay frameworks submitted by professions and functions, this includes setting out current recruitment issues and the impact of their proposals on the internal market. Where departments are experiencing recruitment and retention issues, they are encouraged to discuss this with the relevant profession(s) to align flexibility options.

3: PAC conclusion: There is still a long way to go to ensure the civil service retains and promotes those from different backgrounds.

3: PAC recommendation: The Cabinet Office should write to us within three months setting out detailed and broken-down information on the retention and progression of staff from different backgrounds and its plans for further reform in this area.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Cabinet Office will continue to publish statistics from the Annual Civil Service Employment Survey on GOV.UK, providing information on the composition of the Civil Service workforce, including data on diversity, entrants and leavers.

3.3 The Declaration on Government Reform set a vision for diversity and inclusion (D&I) and committed to a Civil Service D&I strategy to better promote fairness and performance. Due to be published Autumn 2021, it will be positioned as an essential lever to deliver a Modern Civil Service where the values are to serve with integrity, honesty, objectivity and impartiality; driving the vision to be a skilled, innovative and ambitious Civil Service equipped for the future. It will set a broader definition of diversity, to include geographical, social and career backgrounds alongside protected groups with an explicit emphasis on ensuring fairness and opportunity for all.

3.4 The Places for Growth programme is supporting this activity, working with departments and public bodies to deliver plans that ensure roles across all grades, including SCS1 and above, are relocated into more areas of the country to enable sustainable career pathways regardless of location.

3.5 The 'Navigating the Labyrinth' report, led by the Social Mobility Commission was published in May, the findings of which can help inform work on socio-economic diversity.

3.6 The Government Finance Function launched its Diversity, Inclusion and Wellbeing Strategy and Action Plan in February 2021, and as part of this is working to improve its D&I data to better understand the composition of its workforce.

3.7 The Government Recruitment Information Database (GRID), which will enhance recruitment diversity outcomes, is due to achieve business as usual delivery by April 2022.

4: PAC conclusion: Departmental data is not good enough to support functions' development of comprehensive workforce plans.

4: PAC recommendation: The Cabinet Office should set out how it will work with departments to make sure workforce data is collected at the right level, to better address skills gaps and shortages.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 As part of this year's Annual Civil Service Employment Survey (ACSES) data collection, Cabinet Office worked closely with departments to improve the quality of their workforce data. The result has been a marked increase in the 'function' data field response rate, rising from 38.2% in 2020 to 65.6% in 2021. Cabinet Office will continue to improve data quality through ongoing, direct engagement with those organisations with nil or very low reporting rates.

4.3 The workforce projections exercise has captured valuable department-level skills data from a functional and professions perspective. The outputs of this exercise have been shared with the functions, the Places for Growth programme and the GSCU to allow skills gaps and shortages to be addressed.

4.4 In addition, the Cabinet Office is working closely with colleagues in HMT to create a future singular view of the Civil Service workforce, using a functional approach to SR21 planning. This work has brought HR, Finance and Commercial colleagues into a single place - with a singular view of the total workforce - for the first time. This represents a step change in approach and has involved extensive engagement with departments, reinforcing the need for high quality and mature workforce data.

6: PAC conclusion: Only a few of the fourteen functions have been able to demonstrate the benefits of their activities.

6: PAC recommendation: The Cabinet Office, HM Treasury and functions should agree a consistent methodology for measuring costs, benefits and impacts across all functions by July 2021 and report to the Committee on functions' performance.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 In alignment with the framework commissioned by the Civil Service Chief Operating Officer and developed by the Chief Executive of the Government Internal Audit Agency in 2020, the functions worked with HM Treasury to develop individual sets of impact metrics by April 2021. The aim was to gain a better understanding of the performance and impact of functions in departments, and monitor this on a quarterly basis. The framework provides a consistent methodology for all functions to follow in measuring their impacts, while recognising the diverse range of activity that functions perform.

6.3 This first iteration of reporting in Quarter 1 and subsequently in Quarter 2 of the financial year 2021-22 will form a trial period. Functions will continue to iterate and improve on their proposed metrics during the trial, based on feedback from users (notably the Civil Service Operations Board) on which metrics are most helpful to understanding differential performance and developments.

6.4 Functions played a key role in the Outcome Delivery Plans (ODPs), which are part of the government's reformed planning and performance framework. ODPs for all the required departments were published in July 2021 covering the 2021-22 financial year.

6.5 The Green Book provides a common standard on the appraisal of proposals that achieve government policy objectives. Since the Green Book Review 2020, HM Treasury has worked with government departments and external stakeholders on ensuring the Green Book is applied successfully in supporting policy development and delivery across government

Thirty-Third Report of Session 2019–21

Department for Business, Energy and Industrial Strategy

Covid-19: Bounce Back Loan Scheme

Introduction from the Committee

The smallest businesses, which Companies House refers to as 'micro businesses', were struggling to get funding through HM Treasury's Coronavirus Business Interruption Loan Scheme (CBILS) launched in March 2020. HM Treasury, the Department for Business, Energy & Industrial Strategy (the department) and the British Business Bank (the Bank), based on a limited evidence of the underlying challenges for businesses, developed the Bounce Back Loan Scheme (the Scheme). The Scheme sought to provide businesses with loans of up to £50,000, or a maximum of 25% of annual turnover, to maintain their financial health during the covid-19 pandemic.

The loans are delivered through commercial lenders such as banks and building societies. The Scheme expects lenders to approve and pay out the loans within 24 to 48 hours of application. To make the process as fast as possible the Scheme does not require lenders to check the information on the loan application form or to perform credit and affordability checks. Borrowers are expected to repay the loans in full but owing to the absence of these checks government provides lenders a 100% guarantee on the loans: if the borrower does not repay the loan, government will. The loans have a fixed interest rate of 2.5% and a maximum length of ten years; in the first year of the loan there are no capital repayments due, and government pays the interest—making it interest-free for the borrower. As of 15 November, the Scheme had provided over 1.4 million loans to businesses, totalling £42.2 billion. The Scheme will now run until 31 January 2021[1].

Relevant reports

- NAO report: Investigation into the Bounce Back Loan Scheme – Session 2019-21 (HC 860)
- PAC report: COVID 19: Bounce Back Loan Scheme – Session 2019-21 (HC 687)
- Treasury Minutes: Treasury Minutes February 2021 (CP 389)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 389 above), two recommendations below remained work in progress, both of which are now implemented.

1: PAC conclusion: Government was not sufficiently prepared to support micro businesses despite the economic impact of the pandemic being a known risk.

1: PAC recommendation: The Department should more clearly set out what it wants the British Business Bank to achieve in the context of Government's wider support to business. It should analyse and assess whether the Bank can have more tailored plans in place for how to support SMEs of all sizes during a crisis, whatever its source.

1.1 The government agrees with the Committee's recommendation.

[1] Since the PAC published their report on 16 December, the *Government has extended the Bounce Back Loan Scheme to 31 March 2021*.

Recommendation implemented

1.2 The Department for Business Energy and Industrial Strategy (BEIS) and HM Treasury have considered the role of the British Business Bank (the Bank) in economic downturns and concluded that it has an essential role to play in the government's counter-cyclical response toolkit by executing interventions delivered through, or in partnership with, financial institutions. The departments are strengthening the capacity of the Bank by investing in its operations, and otherwise strengthening delivery mechanisms on the basis of lessons learned from COVID-19. These and other changes will stand the Bank in good stead to address future challenges. However, the precise nature of future downturn responses – and the Bank's role therein – cannot be determined ahead of time.

6: PAC conclusion: Government has no apparent plans to measure the Scheme's impact, including identifying how many businesses have been unable to access support.

6: PAC recommendation: The Department and the British Business Bank should set out, within the Treasury Minute response, how they plan on measuring the Scheme's impact on businesses. They should ensure that any new schemes have, prior to launch, agreed performance measures. The Department should also analyse the impact of the Scheme on the lending market, paying attention to levels of competition and consumer choice.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 Since the Committee's recommendation in December 2020, BEIS and the British Business Bank have established a formal Monitoring and Evaluation plan for the COVID-19 loan schemes. In March 2021, London Economics and Ipsos MORI were commissioned by the British Business Bank to undertake a multi-year evaluation of the schemes, comprising process, impact and economic evaluations. Amongst other things, the impact evaluation will attempt to measure the impact of lending on businesses, and it will also examine the extent to which the schemes impacted on the wider business lending landscape. Reports will be published in due course, in line with usual government guidelines. The exact timings will depend on how the evaluation progresses operationally, but it is intended that results will be published no later than Q1 of each year up until 2024.

6.3 The British Business Bank's Small Business Finance Markets 2020-21 report published on 10 March 2021 provided some insight into the impact of the COVID-19 loan schemes on the SME finance market. The report found the dominance of the schemes meant that non-bank and alternative finance lenders were less active in 2020 and saw lower demand for their products.

6.4 It is normal practice for the department to set SMART objectives for schemes it delivers, with key metrics and performance measures agreed as part of the design process. This practice could not be followed for the COVID-19 loan schemes due to the pace of delivery, but detailed measures were established after the schemes were launched. BEIS and the British Business Bank agreed SMART objectives for the Recovery Loan Scheme (the successor programme to the COVID-19 loan schemes) prior to its launch on 6 April 2021.

Thirty-Fourth Report of Session 2019-21

HM Revenue & Customs & HM Treasury

Covid-19: Support for jobs

Introduction from the Committee

In response to the covid-19 pandemic the government decided in March 2020 to lock down large parts of the economy in order to better protect people from the virus. To avoid mass unemployment and provide financial support to jobs adversely affected by the pandemic, HM Treasury and HM Revenue & Customs (HMRC) (the Departments) put in place two employment support schemes: the Coronavirus Job Retention Scheme (CJRS) for businesses and their employees, and the Self-Employment Income Support Scheme (SEISS) scheme for the self-employed. The two Departments worked together to design the schemes, with HMRC then responsible for administering them. HMRC made use of its existing systems for tax return data: The Real Time Information system for employers submitting monthly, and the Self Assessment system for the self-employed who submit annual tax returns. The schemes initially ran from March to October 2020, costing over £55 billion by mid-October. On 5 November, as England went back into a full lockdown, the government decided to extend the schemes, with SEISS now running until the end of January 2021 and CJRS extended through till the end of March 2021, at an estimated additional cost of £21 billion.

Relevant reports

- NAO report: Implementing employment support schemes in response to the COVID-19 pandemic Session 2019-21 (HC 862)
- PAC report: Covid:19: Support for jobs – Session 2019-21 (HC 920)
- Treasury Minutes February 2021 (CP 389)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 389), the recommendations below remained work in progress, all of which have now been implemented.

1: PAC conclusion: The Departments have shown great agility in implementing the employment support schemes quickly in response to covid-19.

1: PAC recommendation: HM Treasury should, within three months, write to the Committee about how it will ensure the lessons from close working between policy and operational staff are drawn-out for other government departments.

1.1 The government agrees with the Committee's recommendation

Recommendation implemented

1.2 As requested by the Committee, HM Treasury wrote to the Committee on 19 March 2021, setting out how the government will ensure that the valuable lessons from the working relationship between HM Treasury and HM Customs and Revenue (HMRC) are drawn-out for other government departments.

2: PAC conclusion: The age of the Self-Assessment system made it more difficult for HMRC to provide financial support for the self-employed

2: PAC recommendation: HMRC should write to the Committee within three months to explain what it has learnt from its review of other countries' self-employed systems and how it will apply these to its plans for delivering the Making Tax Digital programme.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 As requested by the Committee, HMRC wrote to the Committee on 19 March 2021, outlining how the department will ensure that international insights are deployed in the design and implementation of Making Tax Digital (MTD) and the wider tax system.

5: PAC conclusion: The Departments will not know the actual levels of fraud and error within these schemes until 2021.

5a: PAC recommendation: HMRC should write to the Committee within three months outlining how it can utilise the information it already collects to better estimate the levels of fraud and error; and also outline what steps it intends to take to recover CJRS and SEISS grants made during the first phase of the scheme if recipients made substantial profits or were not adversely affected by the pandemic.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 HMRC wrote to the Committee on 19 March 2021, explaining how it is utilising the best available evidence to estimate error and fraud and will incrementally adjust estimates as new data emerges. The department explained it has established a disclosure facility for customers to return Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS) grants where they have overclaimed. The department also advised it would be establishing a Taxpayer Protection Taskforce to combat fraud on the COVID-19 pandemic schemes.

5b: PAC recommendation: HMRC should list companies which have signed up to the furlough scheme by the end of January 2021.

5.3 The government agrees with the Committee's recommendation.

Recommendation implemented

5.4 HMRC published the names of employers who claimed CJRS in December 2020, on 26 January 2021, and the department has continued to publish the names of employers who claimed CJRS since December 2020, in line with the HM Treasury Direction and as part of a commitment to transparency and to deter fraudulent claims.

5.5 Information has so far been published for claims up to and including July 2021 and will continue for remaining claims under the scheme in monthly publications up until December 2021. This information includes employer name, company registration numbers (where applicable) and an indication of the value of amounts they claimed for.

5.6 The department has also introduced a 'Right Not To Publish' (RNTP) panel that convenes monthly to review applications from employers that have concerns that the publication of their details may put them, their employees or their premises at risk of harm as a direct result of their data being made available.

Thirty-Fifth Report of Session 2019-21

Department for Digital, Culture, Media and Sport

Improving Broadband

Introduction from the Committee

The Department for Digital, Culture, Media & Sport (the Department) has overall responsibility for Government's broadband policies. Building Digital UK (BDUK), a unit within the Department, implements these policies and delivers Government's broadband programmes. Since 2011–12, alongside roll-out by industry, the Department's Superfast Broadband Programme has provided £1.9 billion of public subsidy to suppliers to help them deliver faster broadband (download speeds of at least 24 Mbps) to 5.3 million premises in areas that are not profitable. In the programme's early phases, superfast broadband was delivered mostly through a mix of copper wire and fibre technology. The latest wholly fibre technology, while more expensive to roll-out provides much faster 'gigabit' (1000 Mbps) speeds. However, the UK currently lags behind its European counterparts on full-fibre coverage and, to meet future demand, Government had pledged nationwide gigabit-capable infrastructure by 2025. The Department expects industry to deliver to 80% of UK premises through commercial roll-out and Government announced £5 billion for a new programme to subsidise most of the hardest-to-reach 20% in its Spring 2020 budget. It considers the final 1% of UK properties to be too expensive to reach and will seek additional funding and alternative solutions for these.

Since we took oral evidence, Government has published its 2020 Spending Review. This allocates £1.2 billion between 2021–22 and 2024–25 and describes this amount as being for the "first 4 years" of the £5 billion gigabit broadband programme. Alongside the spending review, Government also published a new National Infrastructure Strategy in which it has announced a revised coverage target to reach a minimum of 85% of premises by 2025, and says it will seek to get as close to 100% as possible. There are not dates for coverage targets beyond 85%.

Relevant reports

- NAO report: Improving Broadband Session 2019-21 (HC 863)
- PAC report: Improving Broadband Session 2019-21 (HC 688)
- Treasury Minute March 2021 (CP409)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 409 above), five recommendations below remained work in progress, four of which are now implemented.

1: PAC conclusion: The pledge to deliver nationwide gigabit connectivity by 2025 has proven to be unachievable.

1: PAC recommendation: The Department should set out, on receiving business case approval or within 3 months, a clear timeline of what activities it intends to complete and by when to achieve its revised targets including the final dates by which key milestones must be reached in order to meet those targets. It should publish yearly updates on progress thereafter.

1.1 The government agrees with the Committee's recommendation.

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

1.2 The Department for Digital, Culture, Media & Sport (DCMS or the department) expects at least 85% gigabit capable coverage by 2025 based on the current plans for delivery by the commercial sector and the expected coverage to be achieved through publicly-funded interventions.

1.3 HM Treasury approval for the Programme Business Case is being sought over the next month. Delays have occurred as a result of revising the department's delivery profile following accelerated build plans and pace of change from the commercial market.

1.4 On 22 December 2020, Building Digital UK (BDUK) commenced the 'Planning for Gigabit Delivery in 2021' consultation with communications network providers and local authorities, with a description of its targeting approach and intention to prioritise sub-superfast premises. The department's response to this consultation was covered in the Project Gigabit Phase One Delivery Plan in March 2021, which outlined the initial areas for intervention and prioritisation. Subsequent updates in Summer and Autumn 2021 have provided even greater detail on the locations and phases of intervention as well as the progress of other Project Gigabit products including the Gigabit Broadband Voucher Scheme, Gigahubs, Superfast Programme and Shared Rural Network (SRN).

1.5 The department commits to publishing yearly updates on the delivery profile, and further updates on progress. To reach the minimum 5 percentage points target, the department needs to deliver a minimum of 1.55 million premises by the end of 2025. With at least 600,000 already delivered, the department's delivery plan forecasts the need to deliver at least 950,000 more premises by 2025. The delivery plan anticipates:

- Approximately one third of these 950,000 will be premises previously on sub-superfast speeds passed between now and 2025 through the department's Superfast contracts and extensions.
- A further third of these premises will be through coverage stimulated by the department's demand-led gigabit vouchers and public sector hub upgrades.
- The final third will be delivered through the department's new Gigabit Infrastructure Subsidy (GIS) procurements.

2: PAC conclusion: The Department has failed to make meaningful progress to tackle the barriers faced by operators in maximising gigabit connectivity by 2025.

2: PAC recommendation: The Department should identify which risks and barriers have the greatest potential to add delay and cost to the programme and provide a clear plan for how and when they will be addressed and the impact on time and schedule if they are not addressed.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The department has undertaken the following actions on risks and barriers since March 2021:

- On 19 March 2021 an update on Barrier Busting was published, including setting out the progress on key barriers and next steps on these key barriers to market delivery. As noted above, any impacts on the timeline will be published alongside the quarterly progress reports.

- The Telecommunications Infrastructure (Leasehold Property) Act received Royal Assent in March 2021. The implementing regulations will be laid as soon as possible to give effect to this Act.
- In April 2021 the department published a technical consultation on reforms to the planning system to support mobile network development. The consultation closed on 14 June 2021. The responses are being evaluated and the government response will be published as soon as possible, and legislation to follow as soon as Parliamentary time allows.
- Consultation on whether the Electronic Communications Code required further reforms closed in March 2021. The responses are being evaluated and the government response will be published as soon as possible.
- A technical consultation on 'new build' gigabit-capable connectivity will be published shortly, and legislation to follow as soon as Parliamentary time allows.
- In March 2021 a call for evidence was made to explore all possible options for improving broadband connectivity for Very Hard to Reach premises. This consultation closed on 25 June 2021 and responses are now being reviewed to determine potential options for improving broadband connectivity for these Very Hard to Reach Premises.
- With the Department for Transport, DCMS has made improvements to simplify and modernise streetworks making it easier for operators to access roads for digital infrastructure deployment.

3: PAC conclusion: The Department is not clear how, in a centralised procurement model, it will retain the people, skills and knowledge in local authorities that were critical to success in the superfast programme.

3: PAC recommendation: The Department should set out in its Treasury Minute response to this report, what steps it is taking to support the retention of knowledge, skills and delivery expertise in local authorities so that the change in approach does not cause delays to the future programme.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The current evidence is that local capacity continues to be available and no clear or substantial repercussions from the change in delivery approach has occurred. This reflects the importance that local authorities are placing on completing gigabit coverage in their area. The department continues to work closely with the local authority teams in each region of the country. This includes continued bilateral engagement on the development of plans for each local area, the delivery of projects in localities, and regular engagement events to enable all local authority teams to be kept up to date with the latest developments.

3.3 The department also prepared a description of roles and responsibilities and shared this with each local authority. Many local authority teams also continue to manage existing projects from previous broadband programmes by the department.

3.4 A number of local authorities have also taken forward Open Market Reviews and Public Reviews in areas to enable the first Project Gigabit procurements to get under way.

4: PAC conclusion: The Department has been unable to show how it has learnt lessons from the superfast programme into the detailed design of the gigabit programme.

4: PAC recommendation: As the Department finalises its approach to its gigabit programme it should set out how it is incorporating the lessons learned from the superfast programme including:

- ***Setting out clear programme specific objectives for the subsidised part of the future gigabit programme (the £5 billion programme)***
- ***How it intends to improve its targeting to ensure it covers only those areas in greatest need, particularly areas with a high proportion of premises which are uncommercial for rollout, and that any money that does need to be returned is done so as soon as possible.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department is committed to incorporating lessons from its delivery of the Superfast Broadband Programme. It has commissioned two independent evaluations of the Superfast Broadband Programme, the most recent of which included interviews with 40 local authorities and 16 suppliers. The results from this evaluation were published on 29 January 2021. Some key points are that the programme has delivered a strong rate of return, and this is expected to increase over time. A final report on lessons learned was published in October 2021.

4.3 The department's analysis of this evidence has informed the design of Project Gigabit Procurements. For example, the department is centralising and automating a process for suppliers to regularly share their latest build plans, ready to inform targeting decisions for future procurements. Additionally, the department is extending the clawback period in the new contracts to 15 years to reflect the longer asset life of gigabit networks and incorporating a one-off recovery after seven years to bring forward the anticipated future value of clawback for the remaining eight years.

4.4 As stated in the response to recommendation 1 above, the department is committed to publishing progress against Project Gigabit's milestones each quarter.

4.5 The department is undertaking extensive consultation with the market in each area of the country before confirming areas for intervention. This consultation and geospatial mapping is undertaken at premises level. This process includes an Open Market Review to gain information on suppliers' plans, followed by a Public Review to confirm those plans and the areas which are not currently in scope for coverage through commercial deployment. Further pre-procurement market engagement is undertaken with suppliers before procurements commence. This ensures that subsidy is only used to support roll-out in areas where there are no firm supplier plans, while minimising the risk of premises being left without coverage.

6: PAC conclusion: The Department cannot provide certainty to consumers that they will have a choice of internet provider or be protected from overcharging should they become tied to the sole supplier in an area.

6: PAC recommendation: In its Treasury Minute response to this report, the Department should set out how it plans to work with Ofcom, suppliers and industry bodies to ensure that all consumers will have a choice of service providers and are protected from overcharging, in particular where they become tied to a monopoly supplier.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 Price regulation in the telecoms market is a matter for Ofcom. However, the department is in regular contact with Ofcom to discuss the regulatory landscape, and its impact on consumer pricing and government-funded interventions.

6.3 Government and Ofcom agreed a set of commitments with major broadband and mobile operators to support vulnerable consumers during the COVID-19 pandemic. Providers are helping customers who are finding it difficult to pay their bill, particularly those who are vulnerable. The sector is committed to removing fixed broadband data caps, in addition to providing new and generous landline and mobile offers. In addition, BT, KCOM Group, Hyperoptic, and Virgin offer social tariff packages available for those on certain means-tested benefits. The department is also encouraging more providers to offer social tariffs to those on low incomes.

6.4 The department has also incorporated pricing protections and network access conditions into Project Gigabit procurement documentation, contracts and management processes. For example, the department's proposed contracts include conditions which require suppliers to allow wholesale access to their infrastructure for third parties and an annual wholesale access price benchmarking requirement.

6.5 Guidance on pricing controls has remained on the department website since the first State Aid Decision in 2012. Further updates on subsidy control advice were published in June 2021, following the United Kingdom/European Union withdrawal agreement.

Thirty-Sixth Report of Session 2019-21

HM Revenue & Customs

HMRC performance 2019-20

Introduction from the Committee

HMRC is responsible for administering the UK's tax system. HMRC's objectives are to: collect revenues due and bear down on avoidance and evasion; transform tax and payments for its customers; and design and deliver a professional, efficient and engaged organisation. In 2019–20, HMRC raised £636.7 billion of tax revenues, an increase of £8.8 billion (1.4%) since 2018–19. It estimates the yield from its tax compliance activities in 2019–20 was £36.9 billion, 7.0% above its target (£34.5 billion). As well as its traditional objectives, the Department is playing a significant role in implementing the Government's response to the COVID-19 pandemic. The primary support measures for individuals and businesses administered by HMRC include: grant-paying measures, such as the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS); measures to defer payment of tax liabilities, such as deferring VAT payments; and other tax measures, such as a VAT cut from 20% to 5% on food, accommodation and attractions. HMRC is also responsible for administering Personal Tax Credits to support families with children and to help ensure that work pays more than welfare. In 2019–20, HMRC spent £18.3 billion on tax credits. Tax credits supported around 2.3 million families and around 4.4 million children. The Government, as part of its COVID-19 support measures, increased the working tax credits from 6 April 2020 until 5 April 2021; which could mean up to an extra £20 each week for claimants or households.

Relevant reports

- NAO report: HM Revenue and Customs Annual Report and Accounts 2019-20 – (HC 891)
- PAC report: HMRC performance 2019-20 – Session 2019-21 (HC 690)
- Treasury Minutes March 2021 (CP 409)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 409 above) three recommendations below remained work in progress, all of which are now implemented.

2: PAC conclusion: A lack of certainty about the COVID-19 support schemes has undermined businesses' ability to plan effectively.

2: PAC recommendation: HMRC should, within six weeks of publication of this report, write to us to set out what lessons have been learned from the timing and content of its communications, such as about the future of the Job Retention Bonus scheme, and how those lessons might have improved the outcomes of the support schemes.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 HM Revenue & Customs (the department or HMRC) wrote to the Committee on 8 March 2021.

2.3 The government has balanced providing longer-term certainty on the schemes with the need to be responsive to the evolving impact of the COVID-19 pandemic - ensuring economic support is tailored to the latest circumstances, following the principle that financial support will follow the path of the virus. This will sometimes mean reviewing policy at short notice where the nature of the pandemic has changed significantly, for example when the Coronavirus Job Retention Scheme (CJRS) was extended in October 2020.

2.4 The government is committed to providing as much clarity and forewarning as possible whilst supporting our customers. For example, in December 2020, details of the CJRS extension to the end of April 2021 was announced accompanied by supportive communications. At the Budget 2021, the Chancellor of the Exchequer gave further certainty to businesses, allowing them to plan ahead with confirmation that the CJRS and the Self-Employment Income Support Scheme (SEISS) would continue until September 2021.

2.5 The department's approach to operational communications to support successful implementation of the schemes has been based on four stages - announce, prepare, launch and support. Our audience led multi-channel approach, includes stakeholder and MP engagement, emails to millions of customers and their agents, social media and press campaigns, GOV.UK guidance and supportive materials such as webinars. This has ensured high awareness and understanding of the schemes throughout their duration; customers know how to check if they are eligible, what action they need to take and by when, and where they can find further support.

3: PAC conclusion: HMRC's estate strategy risks becoming woefully out of date.

3: PAC recommendation: In its Treasury Minute response, we expect HMRC to set out its future plans on how it will review its estate strategy in light of the impact of COVID-19 on the demand for commercial properties, to ensure it can demonstrate value for money from its considerable investment should demand remain suppressed.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 HMRC is satisfied that its estates strategy continues to offer value for money in the light of the likely short and long-term impacts of the COVID-19 pandemic.

3.3 Before making contractual commitments for its regional centres, HMRC obtained independent qualified professional advice, which confirmed that the flexible lease terms negotiated offer the best balance of value when building modern offices in locations with a large long-term government presence. It also built in terms enabling the department to sublet space if needed.

3.4 While the experience of working during the COVID-19 pandemic is likely to have longer term implications for ways of working, HMRC expects to continue to be an office-based organisation, requiring high-quality workspaces where people can work together and develop their careers.

3.5 Applying the lessons learnt from ways of working during the pandemic has enabled the department to optimise its use of space and identify any surplus. The department is working across government and in partnership with the Government Property Agency to ensure that this high-quality space is used as efficiently as possible.

3.6 There continues to be strong demand from other departments and in eight of the regional centres, over 28,500 square metres of space have already been let to 19 departments.

3.7 HMRC anticipates that by Autumn 2022 it will have sublet approximately 41,000 square metres of space and will be accommodating around 7,500 colleagues from other departments, alongside HMRC colleagues - enabling the Government's Places for Growth programme as well as helping drive efficiencies across the wider government estate.

4: PAC conclusion: The pandemic has significantly increased HMRC's workload and made the organisation more complex.

4: PAC recommendation: HMRC should review its priorities and work with HM Treasury to ensure it has sufficient capacity and resources to effectively manage its workload. HMRC should, following the November 2020 Spending Review, write to us, setting out the findings of its review and explaining what it might need to deprioritise if it has not secured sufficient additional resources.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 On 24 May 2021 the First Permanent Secretary of HMRC wrote to the Chair of the Committee in response to this recommendation. The letter set out the findings of the department's review of its priorities following the November 2020 Spending Review and explained that choices had been made that meant the department would manage its workload within budget.

Thirty-Seventh Report of Session 2019-21

HM Treasury

Whole of Government Accounts 2018-19

Introduction from the Committee

The WGA is a unique document which provides the most complete and accurate picture available of the UK public sector finances. The WGA is a set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS), which brings together information on the financial performance and position of over 9,000 organisations across the UK public sector, including: central government departments; local authorities; devolved administrations; the NHS; academy schools; and public corporations such as the Bank of England. In 2018–19, the WGA included net expenditure (total expenditure less income) of £56.2 billion and net liabilities (the difference between assets and liabilities) of £2.5 trillion. The Treasury published WGA 2018–19 on 21 July 2020, 15 months after the end of the financial year. The Comptroller & Auditor General again qualified his opinion on the 2018–19 accounts as a result of longstanding financial reporting issues. The Committee has previously recommended that the Treasury: use the WGA to provide better insight into how well the government is managing risks to fiscal sustainability, including providing more information on how well government is performing against its key policy objectives relating to managing fiscal risks; ensures that users of the accounts have access to the information they find valuable in the WGA and make improvements in harmonisation of the information provided by individual components; and that the Treasury focuses its efforts on making the WGA as useful as possible to its users, whether that be through bringing the publication earlier or through enhancing the insight it provides.

Relevant reports

- HM Treasury report: Whole of Government Accounts 2018-19 – Session 2019-21 (HC 500)
- Report of the Comptroller and Auditor General on the Whole of Government Accounts 2018-19
- PAC report: Whole of Government Accounts 2018-19 – Session 2019-21 (HC 655)
- Treasury Minutes March 2021 (CP 409)

Update to the Government responses to the Committee

Following the government's last response to the Committee on this report: (CP 409 above), four recommendations below remained work in progress.

1: PAC conclusion: The WGA still does not provide Parliament and the public with the information that they need to better understand the government's financial position and exposure to fiscal risk.

1: PAC recommendation: The Treasury should ensure that the WGA is a forward-looking document, providing the public and Parliament with the information that they need to better understand how the government manages its financial position and exposure to fiscal risk.

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2022
Original target implementation date: Autumn 2021

1.2 The government is committed to transparency on fiscal risks and welcomes independent scrutiny of risk exposure.

1.3 The Office for Budget Responsibility (OBR) is the UK's official economic forecaster, and the OBR's publications are the best sources for official forward-looking assessments of the fiscal position. The OBR published its latest forecast in the Economic and Fiscal Outlook on 27 October 2021, alongside the Budget. This set out full projections for the economy and fiscal position over the medium term. Alongside this, in the Budget Report, the Treasury set out how it intends to manage its financial position over that timeframe, including a new fiscal framework (in a revised Charter for Budget Responsibility, to be laid before Parliament and voted on), and plans for tax, spending and borrowing. In July 2021 the OBR published its third Fiscal Risks Report, which provides an assessment of long-term risks to the fiscal position, with a particular focus on the consequences of the pandemic, climate change, and the cost of Government debt. The Government will respond to the report in due course.

1.4 The Whole of Government Accounts (WGA) financial statements are, like any other audited set of accounts, a record of past financial performance, and give an assessment of the balance sheet at a defined point in time in the past. They do not include forward-looking assessments of the fiscal position or estimates of the government's exposure to fiscal risk: applying the relevant accounting standards to government accounts does not generate that information. But the accompanying performance report to the 2019-20 WGA will include a broader commentary, beyond the scope of the audited accounts, including summary information on the forward-looking position, drawing on information published by the OBR.

1.5 The Treasury wrote to the Committee on 15 July, 9 September and 23 October with updates on the publication timetable for the 2019-20 WGA. The original intention was to publish it this autumn, but for the reasons set out in these letters the date has been put back to February 2021. The Treasury will continue to keep the Committee informed of progress.

3: PAC conclusion: The WGA does not provide assurance that significant risks to the UK's financial sustainability are well managed.

3: PAC recommendation: The Treasury should provide meaningful insight through the WGA into how it works with other government bodies to ensure risks to financial sustainability are appropriately managed.

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2022
Original target implementation date: Autumn 2021

3.2 The Treasury continues to work closely with other government departments to ensure that public funds are managed effectively and sustainably, with close spending control oversight of all spending and balance sheet risks, to deliver the government's policy objectives. In April 2021, the Government launched the Contingent Liability Central Capability which builds on the existing contingent liability approval framework and will further strengthen contingent liability expertise and risk management across government. The Treasury continues to work closely with departments to understand the risks to financial sustainability in different areas of the public sector and these issues were a focus of the Spending Review which concluded on 27th October 2021.

3.3 Through the Risk Centre of Excellence, the Government Finance Function analyses strategic risk registers from government departments to produce a cross-government principal risk analysis for the Civil Service Board, including an analysis of financial risks. Further details on the Treasury's approach to risk management will be included in the 2019-20 WGA.

4: PAC conclusion: The financial sustainability of some local authorities presents a significant risk to government.

4: PAC recommendation: The Treasury should work with the Ministry of Housing, Communities and Local Government to ensure government's response to the Redmond review is agreed and implemented as soon as possible. It should set out how it knows its oversight of local government fiscal risks is effective in the WGA given government's exposure as the funder of last resort.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2022
Original target implementation date: Autumn 2021

4.2 The Treasury has continued to work with MHCLG (now the Department for Levelling up, Housing and Communities) to support their implementation of the government's response to the Redmond Review to ensure stability in the audit market and timely, transparent reporting of financial data needed to manage fiscal risks in local government. The Spring update to the government's initial Redmond Review response set out the intention to establish the Audit Reporting and Governance Authority (ARGA), the new regulator being established to replace the FRC, as system leader for local audit within a simplified local audit framework. A public consultation on the details of how the new system leader will be established in statute, equipped with sufficient expertise on local audit and what the governance and accountability mechanisms will be, was published in late July and closed on 22 September. Work is now underway to analyse the responses. DLUHC recognises that there are urgent problems that cannot wait for ARGA and has, for example, established and chaired the Liaison Committee; the senior stakeholder forum in the new local audit framework. The Treasury has representation on the Committee and is supporting the department in its work on key immediate issues, including the forthcoming procurement and ongoing timeliness issues.

4.3 The WGA 2019-20 performance report will include additional information showing how fiscal risks are monitored and managed in the local government sector and bring in wider information on finances in the sector into the performance report.

5: PAC conclusion: The Treasury has aspirations to standardise financial reporting across government but has not set out how this will make the WGA more useful or accessible.

5: PAC recommendation: The Treasury should report against the progress of the work carried out by the Government Finance Function in the WGA given how key it is to improving both the production of the WGA and the insights it can provide. It should ensure its programme includes and accelerates plans to implement tools and processes to improve the information it gathers on cross-government issues such as EU Exit and COVID-19.

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2022
Original target implementation date: Autumn 2021

5.2 The Government Finance Function developed and launched its performance framework in April 2021 to measure progress against the strategic deliverables set out in its 2019 strategy. This provides departments and central government with consistent and insightful data on the core finance activities set out in the Government Finance Standard, such as reporting and planning, as well as establishing an overview of workforce capacity and capability in the Function. In addition, the minimum standards for finance board pack management information are currently being implemented by departments in this financial year, with a number of departments already reporting the required metrics. The Function is also continuing its programme of financial process convergence to improve the consistency of financial data across central government. A further update on the work of the Function and how it can support improvement to WGA and wider financial reporting in government, will be included in the 2019-20 WGA.

Thirty-Eighth Report of Session 2019-21

Department for Education

Managing colleges’ financial sustainability

Introduction from the Committee

At April 2020, there were 242 colleges in England, comprising 192 further education (FE) colleges and 50 sixth-form colleges. Colleges educate and train 1.7 million adults and young people each year, many from disadvantaged groups or deprived areas.

Colleges in England received income totaling £6.5 billion in 2018/19, of which £5.1 billion (78%) was public funding. Most of this public funding was provided via the Education and Skills Funding Agency (the ESFA), an executive agency of the Department for Education (the Department). Colleges are autonomous bodies and make decisions independently of government; for example, government does not have the power to appoint or remove college staff, and colleges may make financial surpluses or deficits. The Department is responsible for the regulatory framework and policy governing post-16 education and training and is ultimately accountable for securing value for money from the public funding provided to colleges. It gains assurance mainly through the ESFA, which monitors colleges and intervenes where it has serious concerns, and the FE Commissioner, who acts as an independent adviser to the Secretary of State. In addition, Ofsted provides independent assurance about the quality of colleges’ education and training provision.

Relevant reports

- NAO report: Financial sustainability of colleges in England – Session 2019-21 (HC 728)
- PAC report: Managing colleges' financial sustainability – Session 2019-21
- Treasury Minute: March 2021 (CP 409)

Update to the Government response to the Committee

Following the government’s last response to the Committee on this report: (CP 409 above), five recommendations below remained work in progress, all of which are now implemented.

3: PAC conclusion: It is clearly iniquitous that sixth-form colleges have to pay VAT while post-16 academies and sixth forms do not.

3: PAC recommendation: The Department should work with HM Treasury to assess the merits of making the rules on VAT consistent for schools and colleges.

3.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

3.2 State and academy education providers are typically engaged in ‘non-business’ activity as there is no charge for the education provided – this means there is no taxable supply made and value added tax (VAT) is not chargeable. Most of these said providers are covered by the Education Act 2011.

3.3 The meaning of ‘business’ is concerned with making supplies to other persons for any form of payment or consideration. Educational suppliers who engage in the provision of education (for example, higher or further education) for a charge are deemed to be ‘in business’ for VAT purposes - the sales of goods and services are taxed in the normal way.

Education providers must register for VAT, if the taxable supplies go beyond the VAT threshold, in a similar manner as other businesses.

3.4 The Department for Education (the department) has held discussions with both HM Treasury and HM Revenue and Customs (HMRC), to assess the merits of a consistent set of VAT rules and consider the implications for implementation.

3.5 These cross-departmental discussions have given the department a fuller understanding of the technical nature and legislative requirements needed to bring about such change. The department has prepared and shared relevant documentation with HM Treasury and HMRC for their shared consideration and views on how to proceed.

3.6 The documentation supplied is intended to support HM Treasury as it considers any future policy and/or legislative development in this area, and will enable HMRC to consider the administrative implications, should there be a change in policy.

4: PAC conclusion: Successful implementation of the new T-level qualifications risks being delayed by a lack of work placements.

4: PAC recommendation: The Department should write to the Committee before the start of the next academic year setting out what up-to-date assurance it has that there will be enough work placements for T levels. This should cover what impact the COVID-19 pandemic has had on the availability of placements and plans to incorporate virtual placements.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 It is crucial that industry placements are of high-quality to ensure that students have the most successful T Level experience.

4.3 The department has provided:

- £165 million for schools and colleges since academic year 2018-19 to help increase their capacity and capability to deliver industry placements.
- a three-year support package for schools and colleges completing in 2022, delivered by the Association of Colleges.
- published a suite of guidance for schools and colleges and employers.
- support for employers. This includes expanding the engagement remit of the National Apprenticeship Service.
- a £7 million Employer Support Fund pilot to cover tangible costs that are incurred by hosting a placement.
- flexibilities to how industry placements can be delivered.
- specific flexibilities for the impact of COVID-19 pandemic to allow for industry placements to continue. In addition, teacher assessed grades were permitted for summer 2021 assessments, freeing up more time in the second year to enable placements to take place.
- a £10 million employer incentive scheme to allow claims of £1,000 for each industry placement offered, that commences between 27 May 2021 and 31 July 2022.
- arrangements so that the Capacity and Delivery Funding will not be clawed back for the 2020-21 academic year if delivery targets are not met, provided that it can be demonstrated that the funding has supported the future delivery of quality industry placements.

4.4 The department continues to monitor closely the impact of the COVID-19 pandemic on the delivery of industry placements even though there are signs that the situation is improving.

5: PAC conclusion: The Department's funding decisions are based on previous years' student numbers, which risk holding back colleges that are growing.

5: PAC recommendation: The Department should consider a change to the formula for funding colleges which takes account of real time or more recent information about student numbers. It should report back to us by the summer about how funding could be delivered that better reflects colleges' real time position.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 In July 2021, the department launched a consultation 'Reforms to further education (FE) funding and accountability' which has now closed. This considered the funding mechanisms within FE adult skills and examined how funding could be delivered to better reflect colleges' real time position.

5.3 In the January 2021 Skills for Jobs White Paper, the department set out its plans to transform further education, so that it supports people to get the skills our economy needs throughout their lives, wherever they live in the country. Focusing post-16 year old skills on this core mission will increase productivity, support growth industries, and give individuals opportunities to progress in their careers. The consultation on funding is a commitment made in the white paper and is seeking views on methods of funding. It is worth noting that although changes to adult funding are being considered, 16-19 year old funding will currently remain unchanged.

5.4 The department believes this mechanism, of in-financial year growth up to the limit of the growth allowed, enables support to be provided for colleges and the benefits of the lagged system to be maintained. Whilst further policy work on this is required to refine these proposals, it is ensuring that the Committee's recommendations compliment the direction of travel for the future funding system that the department is pursuing.

6: PAC conclusion: The Department's, the ESFA's and the Further Education Commissioner's approach to intervention takes too long, costs too much and is not effective in making colleges more sustainable.

6: PAC recommendation: The Department should set out within three months what actions it plans to take to improve its intervention arrangements, and how it will assess the success of these actions.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 In the department's Treasury Minute response of 25 March 2021, it committed to consult with stakeholders to review and publish an update to the college oversight: support and intervention policy. A copy of the revised guidance for colleges, effective from 1 September 2021 is published in College oversight: support and intervention.

6.3 The revised guidance reflects a more proactive and preventative approach to supporting colleges, through a package of measures called 'active support'. For example, all colleges can now request diagnostic assessments.

6.4 From 1 September 2021, a single Intervention category was introduced to allow the department to move colleges out of intervention more quickly, where there is evidence to support this decision. It has introduced 'post-intervention monitoring and support' and will agree a plan of action before a college exits Intervention. Metrics to track progress and evaluate the effectiveness and impact of this change support this.

7: PAC conclusion: Students are losing out as colleges cut mental health and other support services in response to financial pressures.

7: PAC recommendation: The Department should undertake research into the extent to which college support services are meeting students' needs, including canvassing the views of students themselves. In its Treasury Minute response, we expect the Department to give a firm commitment to taking this action, and details of the timetable for the research.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 To assess how students' needs are met the department has recently completed the Further Education Learner and Apprentice Experience Survey (FELAES). The survey was designed to understand the experiences of further education learners during the COVID-19 pandemic for the 2020-21 academic year.

7.3 The survey was run throughout England, to provide greater insight into the impacts of the pandemic on learners in further education. It focused on areas including pastoral support and quality of teaching in addition to remote learning, impact on learning and apprentices' experiences with their employer and training provider.

7.4 The survey was conducted by telephone and online to ensure it was inclusive of all cohorts, including disadvantaged learners. It gave learners the opportunity to feed back to the department on their experience, which will help inform future policy development. Fieldwork has been completed and analysis of the data is underway with publication of the results to follow.

Thirty-Ninth Report of Session 2019-21

Infrastructure and Projects Authority, Cabinet Office, HM Treasury

Lessons from major projects and programmes

Introduction from the Committee

The government's major projects and programmes range from transport infrastructure, military capability and nuclear projects, information technology (IT) and digital programmes through to ones to improve school or government buildings. The Government Major Projects Portfolio (GMPP), which includes government's largest, most innovative and most risky programmes, currently includes 125 major programmes at a combined whole-life cost of £448 billion. Many programmes combine bespoke features and new technology, and aim to be transformational, whether that is transforming services, communities or departmental systems. These factors, along with the scale of government major programmes and the impacts they have on affected communities, create challenges in their delivery. Government must successfully overcome these challenges in order to best secure public value from the significant amounts it invests in major programmes.

The Infrastructure and Projects Authority (IPA) is the government's centre of expertise for infrastructure and major projects. The IPA provides expert project delivery advice, support and assurance to government departments, and works with industry to ensure that projects are delivered efficiently and effectively, and to improve performance over time. It leads the project delivery and project finance profession across government, and the embedding of lessons learned. It also oversees the GMPP which aims to improve the delivery of the government's biggest and riskiest projects by increasing transparency and providing independent assurance, with recommendations which Departments must act upon for programmes to progress further.

Relevant reports

- NAO report: Lessons Learned from Major Programmes – Session 2019-21 (HC 960)
- PAC report: Lessons from major projects and programmes – Session 2019-21 (HC 694)
- Treasury Minutes: March 2021 (CP 409)

Update to the Government responses to the Committee

Following the government's last response to the Committee on this report (CP 409 above), seven recommendations below have now been implemented.

1: PAC conclusion: We are concerned about the value for money risks resulting from the significant increase in investment, speed of delivery and changes to how government makes investment decisions.

1: PAC recommendation: Within six months, HM Treasury must write to us setting out how it has assured itself that the public and private sectors have the capacity to deliver on its investment commitments, and how it intends to make rigorous investment decisions in future, in particular, through its commitment to public value statements and amendments to the Green Book.

1.1 The government agrees with the Committee's recommendations.

Recommendation implemented

1.2 HM Treasury wrote the to the Committee on 29 October 2021 in response to each of the recommendations in this report – this Minute summarises that fuller update.

1.3 In response to this recommendation, the government is taking action to identify and manage risks to delivery capacity through:

- **Improved delivery assessment during Spending Reviews.** Spending Review 2020 (SR20) set out a new approach to infrastructure investment across the UK, with a new National Infrastructure Strategy (NIS). The government is using Spending Review 2021 (SR21) to challenge delivery for ongoing programmes and new bids, including the Treasury's capital appraisal panels.

- **Project Speed improvements to the delivery and governance of major projects.** Around 50 Project Speed delivery reforms were announced in the NIS in November 2020. HM Treasury is now focused on implementing these reforms. Furthermore, government is working with departments to review the approvals system for major projects and programmes and will publish an updated Treasury Approvals Process this year.

- **Robust risk management.** Alongside the Green Book's guidance on risk, the Orange Book sets out a comprehensive risk management framework. And we are taking steps towards better risk management: for example, supply chain constraints continue to be monitored across government, such as through the Government Construction Board. The IPA has set out the planned construction procurements for industry, including the skills required, in the National Infrastructure and Construction Pipeline, published in September 2021.

- **Working with industry.** Clear consideration of risks and their lifecycle management has also been embedded within the Sourcing and Construction Playbooks, which have been developed with industry input.

- **Increased capacity and skills**. The government is taking steps to increase projects skills and capability, including through the IPA's Major Project Leaders Academy and training. We are also embedding rigorous evaluation of policies and programmes through establishing the Evaluation Task Force.

- **Training and guidance on the Green Book and Public Value Framework.** HM Treasury has produced a refreshed Green Book with updated guidance on the appraisal requirements for projects and programmes. In July 2021, the IPA published a 'Project/Programme Outcome Profile' tool, to support the identification of how projects contribute to the government's priority outcomes. Furthermore, at SR20, the government published a set of provisional priority outcomes and metrics for each department, who have now set out their plans for delivering priority outcomes through Outcome Delivery Plans, published on GOV.UK in July 2021.

2: PAC conclusion: We are concerned about the continued lack of transparency to Parliament about the progress of government projects.

2a: PAC recommendation: HM Treasury and Cabinet Office must set out what they are doing to make sure that information on the progress of major projects is transparent and reported to Parliament in a more timely manner, particularly for those projects that are nationally important.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 Please refer to the letter sent to the Committee from the Minister of State at the Cabinet Office, Lord Agnew, on 15th July 2021, which followed the publication of the IPA's Annual Report 2020-21. In the report, the IPA implemented two important changes to meet this recommendation. This included the publication of GMPP projects' position as of 2020 Q4 - 31 March 2021. This reduced the lag between the data snapshot and publication from 9 to 3 months. This is part of the ongoing commitment to publish information on the status of projects.

2.3 This year's report also included information on benefits delivered by GMPP projects, broken down by the category of projects. This breakdown covered the following categories: Infrastructure and Construction projects, Government Transformation and Service Delivery projects, Military Capability, and Information and Communications Technology projects.

2.4 From April 2021, infrastructure projects on the GMPP began publishing summary business cases following final approval, a close-out report following completion, and other long-term evaluations. The first of these will be published by the end of 2021.

2b: PAC recommendation: HM Treasury and Cabinet Office should also set out what they are doing to make sure that all Accounting Officers comply with the rules around making assessments of major projects (against the criteria of propriety, regularity, feasibility and VFM) and to publish summaries of this advice on a timely basis.

2.5 The government agrees with the Committee's recommendation.

Recommendation implemented

2.6 The next update to Managing Public Money will set out the clarified rules requiring the use of AO Assessments and timely publication of summaries for projects in the GMPP. In addition, HM Treasury will publish updated AO Assessment guidance before the end of the year, clarifying the detailed requirements, including against each of the four criteria. The department will continue to publicise these requirements through regular seminars and training events to those working in strategic finance across central government organisations, including emphasising the importance of the AO assessment process as part of the induction training delivered to all new Accounting Officers. These actions will ensure the requirements are well understood across central government.

2.7 The Treasury will also work with the IPA to ensure AO assessments are being produced when appropriate for specific projects as they progress through the GMPP (including monitoring through the Treasury Approvals Process, such as at the Major Projects Review Group).

3: PAC recommendation: Within six months IPA must write to us setting out the changes it has made to its assurance of major programmes in its reset, and how this will improve project delivery. It should also set out what action it took in relation to those projects on the GMPP currently rated as red/red-amber, and what the result has been. The Cabinet Office and HM Treasury should also write to us detailing the actions taken to ensure that Departments act on the IPA's recommendations.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 HM Treasury and IPA's letter to the Committee dated 29 October 2021 highlights the refreshed IPA Mandate's guidance that "projects must be ready to proceed at each stage of the Gate Review process and have the support of the IPA before progressing to the next stage", and gives the full detail on the below points.

3.3 From April 2021, the IPA has carried out seventy-five assurance reviews, providing objective assessments of projects' progress and suitability to progress through stage-gates. Over the reporting period, the IPA has rolled out reforms so that assurance:

- **Drives action and focus.** Since April 2021, assurance reviews have provided AOs with a 3-point RAG 'stage-gate assessment (SGA)', providing a clearer-cut assessment of the project's readiness and critical actions needed to be taken.

- **Underpins a cross-government 'Response to Red'.** The IPA now writes to the SRO and AO overseeing projects rated red at stage-gate assessment, and undertakes 'Assurance of Action Plans' reviews to ensure actions are completed – where they are not, HM Treasury will consider withholding funding.

- **References wider government priorities.** The IPA's refreshed assurance workbooks now make clearer references to net zero, and cost estimation as part of the assurance regime.

3.4 The IPA are making operational changes, updating guidance and delivering training to drive consistency of approach across all departments.

4: PAC recommendation: The IPA should encourage and support departments to use ranges for cost and schedules estimates, rather than single point numbers, and write to us setting out how it is scrutinising and improving cost and schedule estimates on major programmes.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 In April 2021, the IPA published the government's first ever guide on cost estimating for government projects. This guidance sets out a "comply or explain" approach based on best practice from across the private and public sector. The document sets out that projects must use ranges supported by accuracy bands and data, as opposed to single point estimates. The document has also been translated into the IPA's Assurance refresh and new Government Project Delivery Framework. Both these mechanisms demand that projects demonstrate and set out how they have met the requirements and expectations outlined in the document. Failing to meet these requirements will result in the project not progressing to the next stage in the approval process. The IPA is working with Treasury and government departments to ensure projects are applying these principles and requirements through monitoring of the GMPP and the Treasury Approvals Process.

4.3 There is a lack of high-quality training for cost estimating available to government and industry. Therefore, the IPA is partnering with a leading learning supplier to deliver a new cost estimating course for government, which will help to develop and standardise government cost estimating capability.

4.4 Finally, the IPA is developing a centralised benchmarking hub to collect and make data available on key and repeatable assets for government projects. This data will help to challenge and inform business cases, leveraging past government data to support and underpin future investment decisions.

5a: PAC recommendation: All SROs and people who work in the project delivery profession should attend IPA's major projects leadership academy. Cabinet Office and HM Treasury should make sure all departments comply, including ensuring that all SROs have sufficient skills and time to be able to undertake their responsibilities. They should write to us to explain how they have assured themselves that this is happening.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Major Projects Leadership Academy is an 18-month development programme for major project leaders, with admission governed by strict admission criteria. All GMPP SROs are expected to complete MPLA unless they have an exemption agreed with the IPA, for example because they have equivalent qualifications and experience, or have only a short tenure remaining in the role. MPLA completion, or written commitment to attend is a condition of SRO appointment letter sign off.

5.3 MPLA attendance and completion records are maintained and reviewed on an ongoing basis, and SROs are required to report their MPLA status as part of quarterly GMPP reporting data. SRO appointment letters and MPLA training status are also considered as part of assurance and approvals at key stage gates (including when deciding whether or not a project is ready to proceed to the next stage). If an SRO consistently refuses to attend the MPLA, this will be taken up with the permanent secretary to ask them to remedy the position, or otherwise consider whether the individual should continue as SRO.

5.4 The significant increase in new projects joining the MPLA over the last six months means that not all SROs have yet undertaken the MPLA. Additional cohorts have been arranged, with GMPP SROs given priority and a new digital format has been introduced to increase accessibility. GMPP data shows that at the end of Quarter 1 (end-June) 2021-22, 102 (68%) of GMPP SROs had completed, were on, or had an agreed exemption from, the MPLA. Quarter 2 (end September) data, available in mid-November, will show a further increase, although continued GMPP expansion between Q1 and Q2 means there will remain a gap, which we are continuing to work to address.

5.5 The IPA has also established the new Government Projects Academy, to equip a wider range of government project professionals with the skills needed to deliver projects successfully.

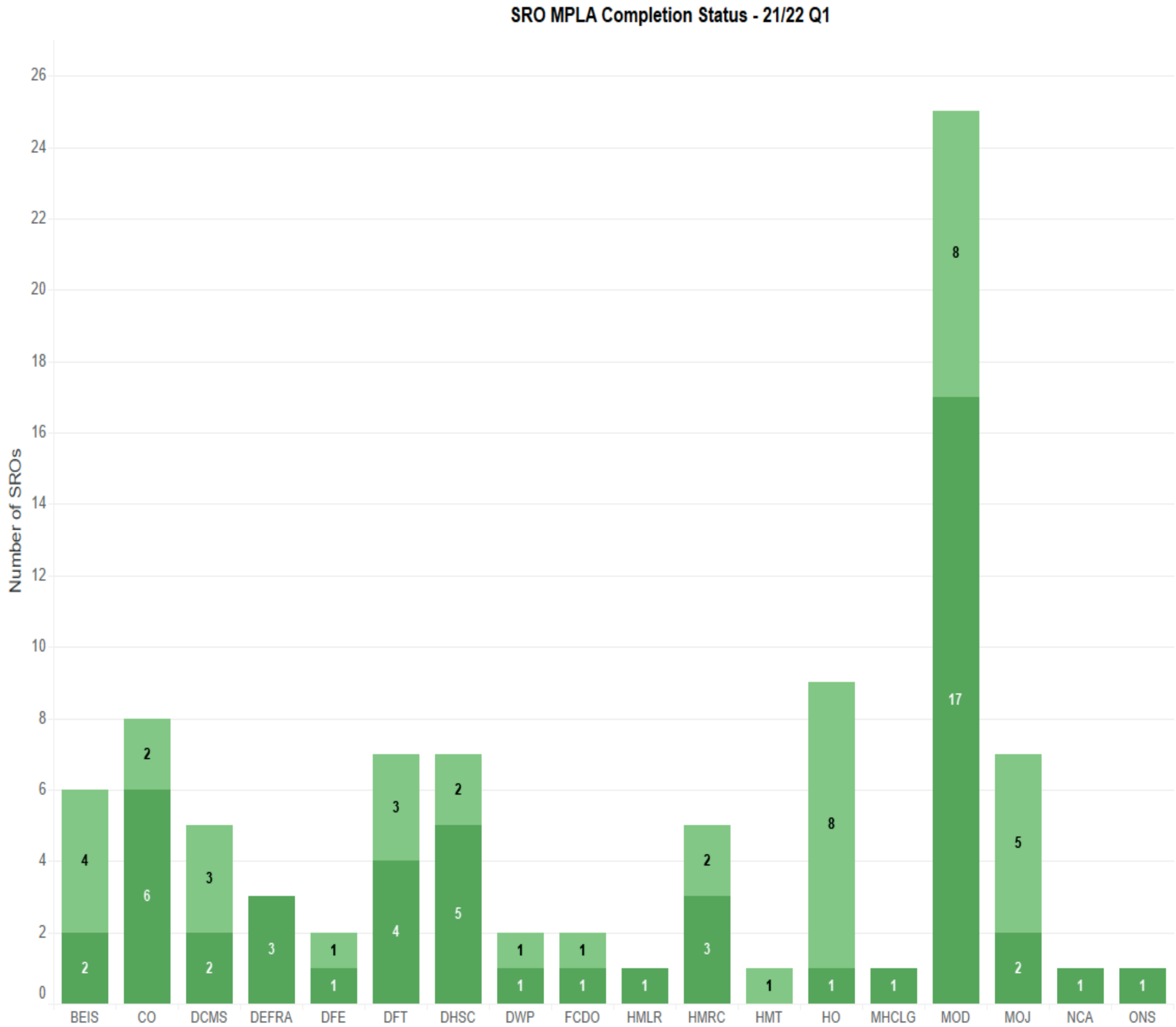
5.6 The Government Projects Academy will provide government project professionals and others with access to a wide range of project delivery training and qualifications - such as APM Chartership - alongside the existing leadership programmes (PLP, MPLA and OMP). The intention is to provide a much clearer training and professional development offer for people working in project delivery, linked to the new four-level accreditation scheme for government project professionals being introduced this year.

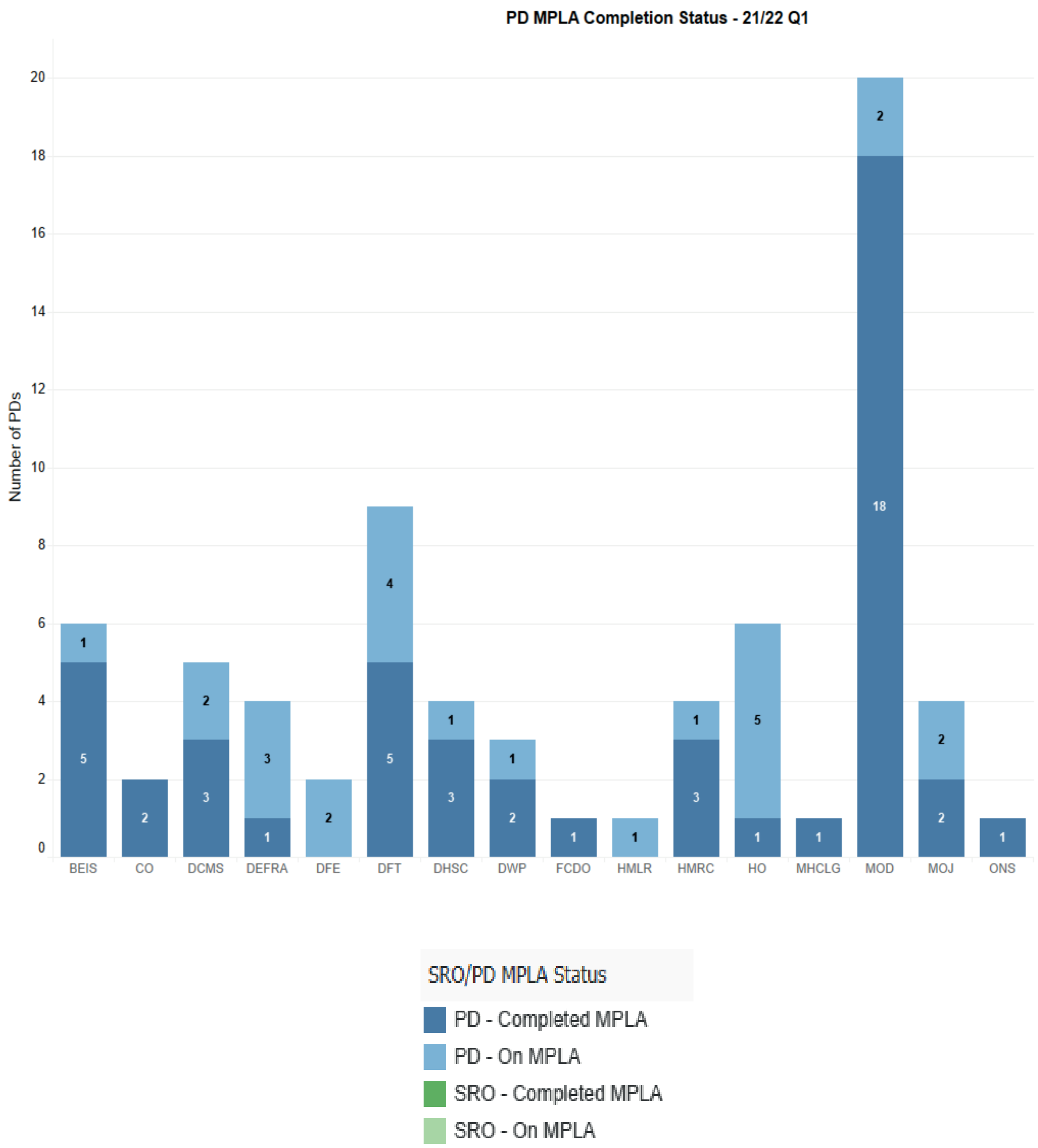
5b: PAC recommendation: The IPA should update us in six months about how many people and in which positions, have been accredited and across which departments. It should also explain how it plans to roll out its training to the government project delivery profession as a whole, and whether the government now has, in its opinion, enough SROs to manage the number and scale of projects promised.

5.6 The government agrees with the Committee's recommendation.

Recommendation implemented

5.7 MPLA is a development programme and does not confer any form of recognised professional accreditation. However, the graphs below show the number of GMPP SROs and Programme Directors who have completed, or are on, MPLA by department as at Q1 2021-22:





5.8 Currently, no formal accreditation scheme exists for project professionals in government. To remedy this, a new four-level professional accreditation scheme for government project professionals, ranging from foundation level to mastery, is also being introduced.

5.9 Design of the scheme has now been through rigorous design and extensive consultation. Following evaluation of early adopter pilots, the scheme will be rolled out progressively from early 2022 onwards.

5.10 The IPA aims to assess and accredit over 100 ‘master practitioners’ and ‘senior practitioners’ in the first year. To complement accreditation, a revised learning curriculum has been developed and will be available through a new Government Project Delivery Hub. This will host access to the Government Projects Academy, and associated training, guidance and tools and will enable detailed data on accreditation at all levels of the profession to be managed and tracked.

5.11 GMPP data shows that the number of SROs has increased, and there are very few SRO gaps currently, although some roles are covered on an interim basis pending permanent appointments. The IPA continues to work with departments to increase SRO capacity and capability. Pivotal Role Allowances are also being used to support attraction and retention for these challenging roles.

Fortieth Report of Session 2019-21

Department for Environment, Food and Rural Affairs

Achieving government's long-term environmental goals

Introduction from the Committee

In June 2011, government set the ambition for this to be the first generation to leave the natural environment of England in a better state than it inherited it, and to help protect and improve the global environment. In January 2018, government published its 25 Year Environment Plan, setting out its intent to improve the natural environment, both for the direct benefits this would bring, and also to support its influence overseas and position the UK as a global environmental leader. The decision to leave the EU added another angle to the case for a long-term environmental plan, as historically much of the UK's environmental policy has been shaped by participation in EU Directives. The Environment Plan included ten overarching goals covering issues such as clean air, clean and plentiful water, and thriving plants and wildlife. The Department for Environment, Food & Rural Affairs (the Department) has lead responsibility for all environmental policy areas apart from climate change mitigation, for which the Department for Business, Energy & Industrial Strategy has the policy lead. Other parts of government also have important roles to play in achieving government's environmental goals.

Relevant reports

- NAO report: Achieving government's long-term environmental goals – Session 2019-21 (HC 958)
- PAC report: Achieving government's long-term environmental goals – Session 2019-21 (HC 927)
- Treasury Minutes: April 2021 (CP 420)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 420 above), seven recommendations remained work in progress, one of which is implemented.

1: PAC conclusion: Given it is nine years since government first set the ambition to improve the natural environment within a generation, progress is disappointing.

1: PAC recommendation: Within a month of the Environmental Bill being passed, the Department should write to the Committee setting out its timetable for:

- ***setting coherent long-term objectives for those areas of the Environment Plan that will not be put on a statutory footing by the Environment Bill; and***
- ***setting interim milestones for all its environmental goals***
- ***developing and reporting on a complete set of environmental outcome indicators framework;***
- ***Government should provide an annual update against this timetable, as part of its environmental progress reports.***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: by end of 2021 (as Parliamentary time allows)

1.2 The Department for Environment, Food and Rural Affairs (the department or Defra) agrees with the importance of setting out a timetable as per the recommendation.

- The department's first suite of long-term targets will be laid before Parliament by October 2022. The related interim targets, covering at least 5 years, will be included in a revised Environment Plan, to be published by January 2023.
- The government will conduct its first 5-yearly review of the Environment Plan by January 2023, as required by the current Environment Bill. This will consider progress, and further measures needed, towards environmental improvement.
- The Environment Bill's targets framework allows for long-term targets to be set on any aspect of the natural environment, or people's enjoyment of it.
- The Environment Bill requires the government to lay annual progress reports before Parliament and update the Outcome Indicator Framework (OIF) that will describe what has been done and whether the natural environment has improved over the reporting period. Additionally, progress under the Environment Plan will be monitored by the new Office for Environmental Protection (OEP).
- The OIF incorporates the breadth of best available technical expertise across the Defra group and beyond. The department reported on 45 indicators in the 2021 update. The development of indicators requires innovative and entirely new scientific research and development in complex areas. The department is aiming to finalise all 66 indicators by 2024, however, adequate lead-in times are required to ensure sufficient high-quality data is available for transparent and robust analysis.

2: PAC conclusion: The Department for Environment, Food & Rural Affairs has the policy responsibility for the environment, but not the clout to hold other departments to account or manage trade-offs between policy areas.

2: PAC recommendation: After the new cross-government environment board has been in operation for six months, the Department and Cabinet Office should carry out a review and report back to the Committee on the board's effectiveness to assess whether it has achieved a step-change in accountability and ownership for the environment across government. The review should include whether it has been effective in managing trade-offs between policy areas and in assessing the effectiveness of environmental policies across departments.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: by July 2022

2.2 The department wrote to the Committee in July 2021 with its first assessment of the effectiveness of the Cross-Government 25 Year Environment Plan Board

2.3 The purpose of the Cross-Government Board is to focus directly on delivery of the ten goals set out in the Environment Plan. Given the long-term nature of environmental policies, and the corresponding lengthy lead-in time to develop such policies, the department also proposes reporting back to the Committee by July 2022 with a fuller assessment.

2.4 Only with every department working together to implement the Environment Plan and by aligning policy and resources can the government begin to shift the dial on the degradation of the natural environment. Trade-offs and opportunities that engage other government departments will be escalated to the Cross-Government Board. The Board will be responsible for overseeing and coordinating action to implement the Environment Plan and associated requirements under the Environment Bill. The Board will also assess and manage strategic risks and issues that may impair the government's ability to achieve its domestic implementation of environmental goals.

3: PAC conclusion: Government still does not have a good grip of the total costs required to deliver its environmental goals and funding so far has been piecemeal.

3: PAC recommendation: In parallel with developing clear objectives to meet environmental goals, the Department should work together with the Treasury to review and outline the total costs required to meet these goals, and how these will be paid for, akin to the Treasury's Net Zero review.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: **January 2023**

3.2 The establishment of new legally binding targets through the Environment Bill incorporates a robust framework for developing the economic case for action towards achieving the long-term goals of the Environment Plan.

3.3 Developing the costs and milestones towards the long-term legally binding targets will need to be iterative, given the range of activity supporting delivery of the Environment Plan, and emerging policy requirements. The annual progress reports and 5-yearly reviews of the environmental improvement plans will be used to build up the overall picture on performance and planning. There must also be consideration of the distributional impacts of targets and impact on domestic priorities, for example the impacts on consumers, specific sectors and regions.

3.4 The department has costed proposals and business cases for major programmes supporting air quality and cleaner transport, delivering major waste reforms towards a more circular economy, supporting woodland creation and improving flood resilience. Consultation on specific legally binding targets under the Environment Bill for biodiversity, waste, air and water will be supported by robust economic impact assessments to ensure value for money and deliverability, including expected costs to government and business associated with meeting targets individually and in aggregate. The department continues to work with HM Treasury to determine the costs of meeting the legally binding targets. Details of these costs will be published in October 2022.

4: PAC conclusion: Skills gaps in departments and arm's length bodies jeopardise government's capacity to deliver on its environmental ambitions.

4a: PAC recommendation: The Department and the Treasury should work together to:

- ***establish what skills gaps exist, across the key delivery partners and sectors, which are likely to inhibit government's progress in achieving its environmental ambitions;***
- ***where there are such gaps, develop a realistic plan to close them.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: by end of 2021

4.2 The department continues to work with HM Treasury, cross-government and with other delivery partners to understand and develop the skills required to deliver across environmental outcomes. It recognises there is significantly more required to assess the skills required and the capability and capacity available to deliver the long-term ambition.

4.3 Since publication of the Environment Plan, additional investment has been secured to increase capacity and focus on the environment to make progress across the Defra group.

4.4 Natural England recognises the Environment Bill and the Environment Plan as key components of their 'People Strategy 2019-2023'. As a science-led, science-based organisation with a significant proportion of staff from professional scientific backgrounds, Natural England recognises the importance of applying science to understand how a wider whole ecosystem works.

4.5 Environment Agency strategic workforce planning has previously identified skill gaps in some critical areas of the business and have sought to implement measures to manage and mitigate these risks. The Agency continually reviews whether further interventions are needed to maintain and develop a skilled workforce.

4.6 In addition to the work of the Defra group, the government will develop a wider skills and capability plan and approach to help provide long term capability improvements to help progress towards the long-term ambitions.

4b: PAC recommendation: The Department and the Treasury should work together to:

- ***assess the impact of targeted interventions such as the Green Recovery Challenge Fund on safeguarding 'green' jobs.***

4.7 The government agrees with the Committee's recommendation.

Target implementation date: September 2022

4.8 From a broader cross-sector perspective, the National Lottery Heritage Fund, as delivery body for the Green Recovery Challenge Fund, will be comprehensively evaluating Round 1 of the Fund, which will be completed by September 2022. This will include full assessment of jobs created and safeguarded by the projects supported by the Fund. Defra is closely involved in steering this work, and HM Treasury is overseeing as part of project governance arrangements.

5: PAC conclusion: Environmental impacts are still not being taken into account in spending decisions.

5: PAC recommendation: Alongside the next Comprehensive Spending Review, the Treasury should publish analysis showing: how the full value of environmental impacts has been taken into account, and the impact of spending decisions on meeting government's long-term environmental goals.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2022

5.2 HM Treasury recognises its important role in supporting the delivery of the government's climate and environmental objectives. Both the Stern and the Dasgupta Reviews, on the economics of climate change and biodiversity respectively, were commissioned by the Treasury. Additionally, its Net Zero Review was published in October 2021.

5.3 At spending reviews, departments are required to assess the costs and benefits of their proposals – including climate and environmental impacts – following the framework set out in the Green Book. Treasury spending teams consider these impacts when assessing the strategic importance and value for money of any proposal.

5.4 HM Treasury continuously improves the Green Book in line with the latest scientific evidence. In 2018, the Green Book and its supplementary guidance were revised with support from the Natural Capital Committee to require more comprehensive appraisal of environmental impacts following a natural capital approach. Resources such as Defra's Enabling a Natural Capital Approach (ENCA) make data, guidance and tools available to support policymakers. The Treasury is also currently conducting an expert-led review of the environmental discount rate.

5.5 2020 and 2021 Spending Review guidance required departments to include the greenhouse gas emissions of bids, and their impact on meeting Carbon Budgets and Net Zero. Guidance also sought qualitative commentary on the impact of delivery of the 25 Year Environment Plan. HM Treasury is continuing to review the learning from this exercise and consider what additional information should be published following the ongoing spending review to support public understanding of the role the Treasury plays in meeting government's environmental objectives.

6: PAC conclusion: We are concerned that the new Office for Environmental Protection will inherit a backlog of cases and remain to be convinced that it will be sufficiently independent.

6: PAC recommendation: The Department should write to the Committee to set out what steps it is taking to minimise the delay between the passing of the Environment Bill and the establishment of the Office for Environmental Protection. As is the case with the Climate Change Committee, the Office for Environmental Protection should have a mandate to report directly to Parliament.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The Permanent Secretary for the department wrote to the Committee Chair on 25 March 2021 to explain that the government is setting up the Office for Environmental Protection (OEP) in interim form from July 2021, before Royal Assent of the Environment Bill.

6.3 The interim OEP was established on 1 July 2021 and is led by the OEP's Chair-designate, Dame Glenys Stacey, plus the OEP's non-executive directors-designate, who were selected through a public appointment process, and an interim Chief Executive-designate. Following the Environment Bill's Royal Assent, and the appointment of the OEP's permanent Chief Executive, this group will become the Board of the OEP as an independent legal entity.

6.4 The interim OEP has assumed and built upon the functions of the interim secretariat that operated in Defra between 1 January and 30 June 2021. As well as receiving complaints about compliance with environmental law and monitoring progress under the Environment Plan, as this secretariat did, the Interim OEP is able to: publish an independent assessment of progress on the Environment Plan; develop the OEP's strategy and enforcement policy; take decisions on operational matters like staff recruitment, accommodation and facilities; and determine approaches for how the OEP will form and operate, establishing its character, ways of working and voice.

6.5 This ensures the OEP can use its full powers as soon as they are commenced following Royal Assent.

6.6 The OEP and the CCC have similar constitutions. Both are sponsored by, but legally separate from, government departments. The OEP will report to Parliament on its functions and its findings from monitoring environmental progress and the implementation of environmental law. This means the OEP, while accountable to ministers, will be operationally independent and provide reports to Parliament.

Forty-Second Report of Session 2019-21

Department of Health and Social Care, Public Health England and Cabinet Office

COVID-19: Government procurement and supply of Personal Protective Equipment

Introduction from the Committee

In responding to the COVID-19 pandemic, government departments and public bodies have needed to procure enormous volumes of goods, services and works with extreme urgency, particularly personal protective equipment (PPE). The pandemic had an extraordinary impact on global demand and supply of PPE. Demand rocketed in March 2020 and, at the same time, global supply declined. The result was an extremely overheated global market, with desperate customers buying huge volumes of PPE often from new suppliers and pushing up prices. The Cabinet Office issued information and guidance on public procurement regulations in response to the pandemic, highlighting that departments and public bodies were able to procure goods, services and works with extreme urgency using regulation 32(2)(c) of The Public Contracts Regulations 2015. This regulation allows departments and public bodies to make direct awards of contracts to any supplier if they have an urgent requirement for goods, services or works due to an emergency, without undergoing a formal competition, subject to meeting certain criteria.

By 31 July 2020, the government had awarded over 8,000 contracts for goods and services in response to the pandemic, with a value of £18 billion. Most of these contracts (over 6,900) were for PPE. The PPE contracts had a combined value of more than £12 billion and committed the Department for Health and Social Care (the department) to buying around 32 billion items of PPE. The Department was working to build up a stockpile of PPE capable of lasting four months, in addition to meeting immediate needs. To identify suppliers that could provide this PPE, to support new UK manufacturers that had not previously made PPE, and to distribute the PPE to care providers, the Department created a new, parallel supply chain.

Relevant reports

- NAO report: Investigation into government procurement during the COVID-19 pandemic - Session 2019-21 (HC 959)
- NAO report: The supply of personal protective equipment (PPE) during the COVID-19 pandemic - Session 2019-21 (HC 961)
- PAC report: COVID-19: Government procurement and supply of Personal Protective Equipment - Session 2019-21 (HC 928)
- Treasury Minutes: April 2021 (CP 420)

Government response to the Committee

Following the government's last response to the Committee on this report: (CP 420), eight recommendations below remained work in progress, four of which are now implemented.

1: PAC conclusion: Government's response to the need to very quickly procure PPE and other goods and services opened up significant procurement risks.

1: PAC recommendation: Government should ensure all the Boardman review recommendations are applied across government departments and procuring bodies. The Cabinet Office should write to us by July 2021 outlining its progress in implementing the recommendations of the Boardman review and a timetable for implementing any outstanding recommendations.

1.1 The government agrees with the Committee's recommendation.

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

1.2 Nigel Boardman's second report on procurement during the COVID-19 pandemic was published in May 2021. The report produced 28 recommendations that covered five key parts of the government's response to the pandemic: PPE, ventilators, vaccines, Test and Trace, and food parcels for the clinically extremely vulnerable. Boardman examined how procurement activity was conducted and the way in which the Government managed the related risks.

1.3 The report's recommendations centred around five key themes:

- Preparedness and strategy,
- Organisational structures,
- Resourcing,
- Purchasing,
- Governance and regulation.

1.4 The Cabinet Office has created a team to implement the recommendations, coordinating efforts across government. The team wrote to the Committee in July 2021 outlining progress in implementing the recommendations of the review. A further update will be provided to the Committee as part of the next progress report.

1.5 Fifteen of the 28 recommendations have developed plans and have begun delivery against their agreed timelines, of which 10 recommendations will be complete by the end of September 2021.

1.6 The remaining thirteen recommendations are also in progress, but the delivery plans are still in development and are expected to take longer to complete. This is primarily due to dependencies on implementation of systems and/or recruitment and onboarding of resources.

1.7 At the centre of the department's response to all of these recommendations has been the embedding of documented and transparent decision making as part of all procurements across government, with particular attention paid to improving contingency planning for crises, guidance on procurement of products, coordination of resource and capability in our commercial function and across government procurement, and a review of stockpile requirements and management, amongst others.

1.8 Alex Chisholm, Cabinet Office Permanent Secretary, has committed to providing a further update to the Committee later in 2021 on the progress of implementation.

2: PAC conclusion: While government had plans and a stockpile of PPE, this proved inadequate for the COVID-19 pandemic.

2: PAC recommendation: The Department must improve its approach to managing and distributing stocks of PPE to ensure the correct equipment gets to those who need it, when they need it. The Department should write to us by July 2021 to confirm that:

- ***Stockpiles hold everything required as specified in the Department's plans.***
- ***Stock is checked regularly and there is a process for monitoring and replacing stock before it is out-of-date.***
- ***Stock is held in locations from which it can be distributed quickly when required***
- ***There are contingency plans to secure new items of clinical equipment which may be needed at short notice.***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 At the beginning of the pandemic the department worked around the clock to secure sufficient stocks of PPE. As the pandemic progressed, the department has developed and implemented sophisticated systems for managing and distributing stock and now has a strong understand of inventory and supplies enabling planning to be months ahead. The PPE programme has adopted a best practice approach from industry, which includes the Sales and Operational Planning (S&OP) process. This process has been implemented across the programme by a mixture of commercial experts with S&OP experience working alongside civil servants.

2.3 Stock is tracked, monitored and managed at a product-level across the UK to meet upcoming requirements and a rolling 13-week stock take is undertaken in core warehouse facilities at Daventry.

2.4 All PPE is distributed from the Daventry warehouses, providing a central distribution point which balances land costs and good transport links. The department is confident that these warehouses have sufficient outbound capacity to meet the future demand for PPE. In April 2021 a new state-of-the-art, purpose-built facility was established which will be the national hub for PPE. The facility will provide storage for 3 months' cover of PPE at peak consumption rates and bring efficiencies into the PPE network by replacing four warehouses in Daventry, reducing intra-network transport and reduce operational costs by 20%.

2.5 A significant stockpile of all COVID-critical PPE has been established, which ensures an uninterrupted supply can continue to be provided to the frontline. These high stock levels, coupled with the deep understanding that the PPE Cell has developed of the supply market, means that the department has high confidence that these stocks are sufficient to respond to all future COVID-19 related demands.

2.6 Through the response to the Committee's report on the initial lessons from the government's response to the COVID-19 pandemic, the department has committed to providing the Committee with quarterly information on central stocks that do not contain at least 4-months' supply under current planning assumptions. The first return will be submitted to the Committee in November 2021.

3: PAC conclusion: The high-priority lane was not designed well enough to be a wholly effective way of sifting credible leads to supply PPE.

3: PAC recommendation: The Cabinet Office and the Department should by July 2021 publish the lessons it has learnt from the procurement of PPE during the pandemic for future emergencies and disseminate these lessons to the wider government commercial function. This should include guidance for determining what is considered a credible offer and how this is communicated to potential suppliers.

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: May 2022
Original target implementation date: July 2021

3.2 The government is dealing with the implementation of lessons learnt from PPE procurement as part of its response to the Boardman Review of Government Procurement in the Covid-19 Pandemic.

3.3 Recommendation 10 of the Boardman Report states that, to enable greater resilience, the government should put a contingency plan in place for the provision of PPE that can be switched on if need be so that there is full coverage across the health and social care sector. Further information about this plan will be provided to the Committee as part of the next progress update.

4: PAC conclusion: The Department's focus on supporting hospitals meant assistance to social care providers was neglected.

4: PAC recommendation: The Department should write to the Committee by the end of April 2021 to explain how it will revise its emergency response plans so that they include who will be supported, how and when. This must give appropriate weight to all sectors of health and social care, as well as occupations outside these sectors which are also at risk.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: November 2021
Original target implementation date: April 2021

4.2 In April 2021, the department wrote to the Committee outlining the steps taken to ensure that frontline workers, including those working in the social care sector, had access to the PPE they needed. These efforts involved standing up multiple distribution channels, developing and rapidly expanding the PPE Portal and diversifying UK supply chains. Between April 2020 and August 2021, over 3.4 billion PPE items have been ordered through the Portal, the majority to the social care sector.

4.3 Support continues to be provided to the social care sector and the provision of free PPE has been extended until March 2022.

4.4 The department has developed a draft, internal framework to determines the best way for the government to respond to any future supply issues with PPE, by prioritising the supplies across the health and social care sectors and beyond, along with broader applications as part of wider pandemic preparedness planning. The proposed framework is currently being considered by Ministers and is expected to be finalised by November 2021. The department will update the Committee on the detail of the framework in the next progress update.

4.5 The government continues to learn from the pandemic, including the need to be prepared for a wide range of pandemics and high-consequence infectious disease outbreaks. Emergency preparedness plans remain under constant review and the newly established UK Health Security Agency, which takes up its responsibilities from October 2021, will strengthen the UK's ability to prepare for and respond to the health risks posed by pandemic hazards. The department holds clinical countermeasures, including PPE, for other infectious disease outbreak threats and will apply lessons from COVID-19 to ensure that these are held in sufficient volumes, monitored regularly, and can be rapidly deployed if needed in future outbreaks. Social care needs are being considered as part of these plans.

5: PAC conclusion: The Department does not know enough about the experience of frontline staff, particularly BAME staff.

5: PAC recommendation: The Department needs to better understand the experience of frontline staff during the first wave of the pandemic, and ensure lessons are learned so it can better respond in a future emergency. It should particularly focus on the different reported experiences of staff from different ethnic backgrounds and consider how this should be monitored and tackled in future – not just in a pandemic. It should write to us by July 2021 setting out the results of this work and how these lessons are being applied. This work should cover:

- ***How many health and social care providers ran out of each type of PPE during the pandemic.***
- ***Why many health and social care staff reported shortages of PPE, whereas the organisations they worked for did not appear to report shortages.***
- ***The extent to which (and reasons why) BAME staff were less likely to report having access to PPE and being tested for PPE, and more likely to report feeling pressured to work without adequate PPE.***
- ***Whether there are any links between PPE shortages and staff infections and deaths (when the relevant investigations have completed), including the deaths of health and care workers who do not work in NHS trusts.***
- ***Provider organisations' and frontline staff views on PPE guidance.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The government remains absolutely committed to learning the lessons from the pandemic, particularly in relation to the experiences of frontline workers, and steps have been taken to identify and respond to the diverse needs of the health and social care workforce in the supply and distribution of PPE.

5.3 In July 2021 the department wrote to the Committee setting out the work that had been delivered to effectively understand the different needs of frontline users. This includes establishing customer engagement panels to ensure that the experiences of staff groups with protected characteristics are heard and taken into account for the future. An additional panel has been established to provide a forum for engagement on requirements for specialist PPE, including ensuring individuals with specific needs are considered across acute and non-acute settings.

5.4 In March 2021, the Cabinet Office Covid-19 Taskforce Field Team were commissioned to undertake engagement directly with health and social care frontline workers, to better understand their experiences of PPE. The actions that the department is already taking to address the PPE needs of frontline workers from different ethnic backgrounds – particularly in relation to the fit testing of masks – aligned with the outcomes of this engagement.

5.5 Further, this research demonstrated that some of the issues relating to PPE – such as staff not having the confidence to raise concerns – are impacted by wider issues relating to the experience of ethnic minority staff in the NHS. Such issues are being considered as part of the work that NHS England and NHS Improvement are undertaking to develop a five-year race equality strategy for the NHS, which is due to be published in the Autumn.

6: PAC conclusion: We are concerned that the Department's ordering of an enormous amount of PPE might compromise government's ambition to maintain a UK manufacturing base for PPE.

6: PAC recommendation: The Department, working with other government departments where necessary, should set out a plan by July 2021 that shows how it will:

- ***Use the PPE it has ordered, covering how much will be given health and social care providers, stockpiled, cancelled, or sold in the UK or overseas.***
- ***Incentivise the NHS Supply Chain, trusts and other providers, to buy PPE which is made in the UK.***
- ***Ensure there is sufficient resilience in the supply chain where UK manufacturers cannot provide the necessary PPE.***

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: May 2022
Original target implementation date: July 2021

6.2 Before the COVID-19 pandemic, only 1% of PPE was manufactured in the UK. When the crisis hit, the department were completely reliant on international markets for securing essential PPE. The department has now established a resilient UK-based supply chain for all items of COVID-19 critical PPE, except gloves. Contracts have been signed with 31 UK-based companies to manufacture around 3.9 billion items of PPE, 2.5 billion of which have been successfully delivered. The department have also made significant strides in creating raw material capability in the UK.

6.3 The department continue to support these companies to innovate and adapt to needs in the UK market. The UK industry offers long-term commercially viable resilience in several critical categories, requiring only a scale signal from the UK healthcare system to remain sustainable. There are also potential export opportunities.

6.4 Action is being taken to reduce stock the high volume of stock held in some categories:

- Contracts have been cancelled or varied to reduce supply to 1 billion items of PPE with a value of £475 million.
- Consideration is being given to extending expiry dates to maximise stock usage.
- Opportunities to sell stock are being explored, including to other countries and private companies.
- Face coverings have been donated to schools, prisons, charities and transport operators.
- PPE has been donated to Lebanon and Nepal, and further opportunities are being explored.
- Items that are not fit for any use are being disposed of.

6.5 The department will provide the Committee with an update on these activities in the next progress report.

6.6 In future, a range of factors will be considered as part of procurement decisions, including sustainability and resilience. Procurement continues to operate on the open market in compliance with the UK's international commitments and the department expect UK manufacturers to be in a good position to compete for these contracts.

7: PAC conclusion: The Department has wasted hundreds of millions of pounds on PPE which is of poor quality and cannot be used for the intended purpose.

7a: PAC recommendation: The Department should write to the Committee by July 2021 setting out how much of the PPE it ordered it has received and checked, and the volumes and costs of the PPE that (a) cannot be used at all; (b) cannot be used for its intended purpose; and (c) its methodology for determining the volumes and costs of PPE which it considers to be in each of these categories.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 Amid unprecedented global pressures on supply chains, the department worked to procure PPE at pace and deliver it to the places that it was most needed. In this unique situation, the approach to risk had to change. In particular, the risk that the contracts might not perform needed to be balanced against the risk to the health of frontline workers, the NHS and the public if sufficient PPE was not secured.

7.3 Having stabilised supply, the department has undertaken a comprehensive review of stock. The vast majority of stock can be used for its original intended purpose and work is ongoing to identify where stock can be repurposed or donated.

7.4 On 22 June, the department wrote to the Committee setting out the information about stock that has been categorised as 'do not supply' and an updated position was provided in the letter sent to the Committee in July 2021.

7.5 This recommendation has now been superseded by the recommendation in the Committee's report on the initial lesson learned from the pandemic, through which the department has committed to providing quarterly updates on exit stock and items which are not fit for their original intended purpose. The latest data will be sent to the Committee in November as part of the response to recommendation 1 of Treasury Minute 13.

7b: PAC recommendation: The department should also update us on the number of contracts (and their financial value) in which it is seeking to recover costs for undelivered or substandard PPE.

7.6 The Government agrees with the Committee's recommendation.

Recommendation implemented

7.7 The department is undertaking work across the entire portfolio of PPE contracts to identify all instances where costs may be recovered as a consequence of supplier non-delivery or product quality failure. This is an ongoing commercial reconciliation process. These matters are being investigated and solutions for each case are identified and passed through a governance forum, the PPE Commercial Assurance and Approvals Board. This Board has been established to support the decision-making process with a view to speedy resolution.

7.8 This recommendation has now been superseded by the recommendation in the Committee's report on 'Initial lessons from the government's response to the COVID-19 pandemic', through which the department has committed to providing quarterly data on the number of contracts that have been cancelled and costs recovered. The first update will be provided to the Committee in November.

Forty-Third Report of Session 2019-21

Department of Health and Social Care / Department for Business, Energy & Industrial Strategy

COVID-19: Planning for a vaccine Part 1

Introduction from the Committee

The COVID-19 vaccination programme is a cross-government effort to secure access to effective vaccines and to administer them to the population. The Department for Business, Energy & Industrial Strategy (BEIS) is responsible for securing the supply of vaccine for the UK. BEIS established a dedicated Vaccine Taskforce in April 2020 to help achieve its aims. The Department for Health & Social Care (DHSC) is ultimately responsible for planning how to deploy the vaccines in England. NHS England and NHS Improvement (NHSE&I) is responsible for designing how to deliver the vaccines and providing staff, and Public Health England (PHE) for arranging storage and distribution.

At the time of our evidence session, BEIS had signed contracts with five pharmaceutical companies to provide access to 277 million potential doses. The first vaccine against COVID-19 approved for use in the UK on 2 December 2020 was developed by Pfizer Inc and BioNTech SE. NHSE&I started to administer the vaccine in England on 8 December 2020. Further vaccines developed by the Astra Zeneca Limited—University of Oxford partnership and Moderna Inc were also approved for use by the MHRA on 30 December 2020 and 8 January 2021 respectively, a commendably fast approval.

The Joint Committee on Vaccination and Immunisation has advised nine groups should receive priority access to the vaccine. NHSE&I aims to vaccinate around 12.2 million people who make up the first four priority groups by 15 February 2021. It plans to offer a vaccine to the remaining five priority groups (17.7 million people) by the end of April, with everyone who wants one offered a vaccine by Autumn 2021.

Relevant reports

- NAO report: Investigation into preparations for potential COVID-19 vaccines – Session 2019-21 (HC 1071)
- PAC report: COVID-19: Planning for the vaccine (part 1) – Session 2019-21 (HC 930)
- Treasury Minutes: Treasury Minutes: April 2021 (CP 420)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 420 above), one recommendation remained work in progress and is now implemented below.

3: PAC conclusion: BEIS has worked quickly to secure access to vaccines but could have been more transparent about how decisions have been made.

3: PAC recommendation: BEIS should, by the end of March 2021, review its decisions about how to invest taxpayers' money and its appointments processes to identify what it would repeat and what it will change in future. As part of this, BEIS should examine its experience of using the Taskforce model to inform its own and government's future skills requirements and to ensure accountability arrangements are robust. BEIS should, by the end of April 2021, lay out its learning so the rest of government can improve the robustness of the cross-government emergency response. It should also assess how it will deal with indemnities for future vaccines and be clear about the benefits and risks.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The Department for Business Energy & Industrial Strategy (BEIS or the department) has considered its decision-making processes in relation to investing taxpayers' money and its appointments process and responded to the Committee in March 2021. This letter, in parts 1 and part 2, outlined the department's learnings and considerations regarding:

- Investing Taxpayers Money.
- Appointments process.
- Taskforce Model.
- Resourcing an Early Response Team.
- Conflicts of Interest.
- Governance
- Working with Other Government Departments and external Partners; and
- Indemnities

3.3 The Taskforce published the Vaccines Taskforce (VTF) Interim Report in December 2020, which outlined the progress made to secure vaccines for the UK, working internationally to develop and increase access to vaccines and building the UK's capability in vaccine development.

3.4 In 2021, the Taskforce became a BEIS-DHSC joint-unit. It has continued to work to secure vaccines on behalf of the UK population and enabled the government to meet its target of offering every adult in the UK first dose of the vaccine by July 2021 and a second dose by mid-September 2021. It is now supporting the supply of vaccines for the Autumn/Winter 2021 booster campaign and is working collaboratively on international dose-sharing agreements, with more than 10 million doses donated so far through the WHO COVAX initiative and bilaterally to countries most in need.

3.5 Global vaccine supplies remain constrained and impacts of a possible resurgence of COVID-19 on public health and beyond are significant. The VTF will therefore continue to seek the best terms for the government in negotiations, including in relation to indemnities, and will only offer indemnities to vaccine suppliers where deemed absolutely necessary.

3.6 It is important lessons continue to be learnt from the whole lifespan of the Taskforce to support and improve the Taskforce's, departments', and wider government's ways of working. As part of its legacy strategy, the Taskforce continues to devote focus to assessing how these learnings can be shared and applied to future decision-making.

Forty-Fifth Report of Session 2019-21

Managing flood risk

The Department for Environment, Food & Rural Affairs

Introduction from the Committee

The Agency estimates that 5.2 million properties in England are at risk of flooding. There are different types of flooding: river, coastal, surface water (when rainfall cannot drain away), sewer flooding and groundwater flooding (where the water table level rises above ground). Flood risks are managed in a number of ways ranging from early warning systems to building flood defences. The Department has the policy lead for flooding. The Agency is an executive non-departmental public body, sponsored by the Department. It has a strategic overview role and an operational role to manage the risk of flooding from main rivers, reservoirs, estuaries and the sea. Other bodies are responsible for managing local flood risks. The Agency is on track to achieve its target to better protect 300,000 homes through its £2.6 billion capital investment programme (2015–16 to 2020–21)[2]. Government has increased future capital investment to £5.6 billion between 2021–22 and 2026–27.

Relevant reports

- NAO report: Managing flood risk – Session 2019-21 (HC 962)
- PAC report: Managing flood risk– Session 2019-21 (HC 931)
- Treasury Minutes May 2021

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 434 above), six recommendations remained in progress, one of which is now implemented.

2: PAC conclusion: Scarce local authority resources and low levels of private sector investment are barriers to the effective management of flood risks, especially given the impact of Covid-19.

2: PAC recommendation: The Department and the Agency should identify areas where there is likely to be a shortfall in local authority resources and private sector contributions to ensure the effective management of flood risk in local areas. They should report to us on their assessment by July 2021.

2.1 The government agrees with the Committee's recommendation.

Target Implementation date: alongside Spending Review 2021

2.2 The Environment Agency (the Agency) tracks partnership funding for the capital programme monthly to identify what contributions need to be secured. The Agency also monitors those schemes that most reduce flood risk but are at highest risk of not delivering to focus on viable schemes where shortfalls in funding are preventing their progression. The government's policy statement of July 2020 on flood and coastal erosion risk management

[2] The Environment Agency and partners have now completed more than 700 projects to better protect more than 300,000 homes since 2015, exceeding the target. Press release

(FCERM) set out a number of actions that will further strengthen incentives for generating partnership funding.

2.3 Funding for flood risk management is part of the overall Local Government Settlement. Depending on local decisions, the settlement for 2021-22 will see councils' core spending power in England rise from £49 billion in 2020-21 to up to £51.3 billion in 2021-22, a 4.6% increase in cash terms. The majority of local government funding is un-ringfenced, recognising that local authorities are best placed to decide how to meet the major service pressures in their local areas.

2.4 The government has committed to review local government funding for statutory flood and coastal erosion risk management functions, and as part of Spending Review 2021 (SR21) is considering the priorities for local government finance reform, including how funding is allocated to councils. The Department for Environment, Food and Rural Affairs (Defra or the department) will write to the Committee in November 2021 once the outcome of SR21 is determined. Further work will be needed following the outcome of SR21 and in relation to the work being done by the Department for Levelling Up, Housing and Communities (DLUHC) to consider future local government funding.

4: PAC conclusion: Short-term funding cycles are impacting on the Agency's ability to manage flood risks effectively.

4a: PAC recommendation: The Department and the Agency should work with HM Treasury to reduce the adverse impacts of short-term funding cycles.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: ongoing ahead of Spending Review 2021

4.2 The government recognises that there can be benefits to setting budgets for key priorities on a multi-year basis. This is why the government has taken a multi-year approach to flood and coastal defence investment, now commencing its second six-year floods programme. Between 2015 and 2021, £2.6 billion has been invested across six years and starting in April 2021 a record £5.2 billion will be invested in the next six-year capital investment programme for flood defences. This investment will deliver around 2,000 flood schemes and will better protect 336,000 properties from flooding.

4.3 Defra and the Agency recognise the need to ensure a smooth transition across programmes. That is why they have worked jointly with HM Treasury to bring forward £100 million of capital development funding into the final year of the 2015-21 programme.

4.4 Between 2015 and 2020, the government significantly increased funding for the maintenance of flood defence assets and wider maintenance, for example river conveyance work. The government is currently reviewing future budgets as part of SR21. The department will write to the Committee in November 2021 once the outcome of SR21 is determined. Further work will then be done to consider funding allocations for future years.

5: PAC conclusion: The current indicators used to monitor national flood risk do not cover important elements such as risks to agricultural land, business premises, and infrastructure.

5: PAC recommendation: The Department's new set of national flood risk indicators should incorporate all types of flood risk to ensure they provide a full picture of what is happening to flood risk including for homes, non-residential property, agricultural land, and infrastructure across England and should facilitate the comparison of flood risk across previous years so progress can be clearly assessed.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2022

5.2 The department and the Agency are developing a framework for understanding overall flood risk. This framework uses an improved method for calculating the risk reduction achieved by the capital investment programme alongside changes in risk due to other factors such as housing development, climate change and the condition of flood defence assets. Flood risk will be measured using expected annual damages (EAD) and changes to numbers of properties at different flood likelihood. During 2021, further work is being done to improve these measures, more accurately identifying the contribution of different factors, including the capital investment programme, to changes in overall risk. The Agency is also considering what changes could be made to the current National Flood Risk Assessment (NaFRA) to improve the interim position before a new NaFRA becomes available in 2024.

5.3 This work on understanding overall flood risk includes the development of a set of key performance indicators (KPIs) that will better track progress of the 2021-2027 capital programme specifically. By Spring 2022, the department will have in place the full suite of KPIs, agreed with the Agency, and a new oversight process that will aid in monitoring flood risk. Methods of data collection, validations and reporting will be subject to ongoing refinement once the metrics are in place.

5.4 In addition, the department has committed to develop an overall national set of indicators by Spring 2022 to monitor trends over time in tackling flood and coastal erosion in England. These will enable a better understanding of the impacts of government's policies and will inform future action.

6: PAC conclusion: The Department has not ensured that all regions, deprived areas in particular, get a fair share of the available funding.

6: PAC recommendation: The Department and the Agency should undertake and publish annual analysis of investment levels across regions and deprived areas. This should be followed up by appropriate action to reduce any funding inequality. Annual analysis and reporting should start at the end of the first year of the next investment period (March 2022).

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2022

6.2 The government invests wherever flood risk is highest across the country, and where it will benefit the most people and property. This is reflected in the government's Partnership Funding policy which allocates funding as grant in aid (GiA) for flood and coastal defence projects. This provides a fair and consistent basis for allocating GiA and securing wider contributions where others stand to benefit from a defence scheme. Households in the 20% most deprived parts of the country continue to qualify for funding at 2.25 times the rate than that available to non-deprived households.

6.3 To monitor delivery and impact of the new 2021 to 2027 investment programme, the department has worked with the Environment Agency to develop a suite of KPIs that will track the programme's outcomes and benefits, expenditure, asset condition and maintenance, and programme delivery risk. It will cover properties better protected in deprived areas and investment by Office for National Statistics (ONS) region. The government published an Investment Plan in July 2021 which provides information on how the programme will be tracked.

6.4 More widely, as part of its July 2020 government policy statement, the department has committed to strengthen reporting of progress towards its goals, so that it is clearer and more accessible, and to consider how the existing arrangements can be improved by Spring 2022. The department will consider how the changes in monitoring of investment across regions and deprived areas can be incorporated as part of this wider work.

6.5 Flood and coastal defence schemes can also have local economic benefits. The department is exploring as part of the Call for Evidence on Partnership funding policy, how it can further support the resilience of lower performing local economies and small communities to flood and coastal erosion risks. Respondents to the Call for Evidence will inform ongoing policy development.

8: PAC conclusion: Despite the known risks, there are still plans to build houses on flood plains.

8c: PAC recommendation: The Department should work with Department for Levelling Up, Housing and Communities (DLUHC) to:

- ***ensure mandatory reporting on planning decisions approved in flood risk areas – particularly when the Agency disagrees.***

8.1 The government agrees with the Committee's recommendation.

Target implementation date: to be determined as part of the implementation of the planning reform agenda. DLUHC will write to inform the Committee of the date as soon as it has been determined.

8.2 The Planning for the Future White Paper sets out government's vision for greater digitalisation of the planning systems. As set out in the White Paper, data sets that underpin the planning system, including planning decisions, need to be standardised and made open and digitally accessible. The government has proposed that a digital template for planning notices will be created so that planning application information can be more effectively communicated and understood by local communities and used by new digital services. The government will set out further detail on how this will be implemented in due course.

8.3 In advance of this, and to support the government's commitment to consider ways to boost transparency, data collection and reporting, the Agency has published more detailed information where local planning authorities have granted planning permission against flood risk advice when the Agency records the final planning decision by the local planning authority. This more detailed information was published in September 2021, it will increase transparency and make it easier for the public to track which applications have been granted against advice and the reasons for the Agency's objection.

8e: PAC recommendation: The Department should work with DLUHC to:

- ***consider changes to building regulations to include mandatory flood protection measures in new builds such as raised electrical sockets, fuse boxes and sealed floors.***

8.4 The government agrees with the Committee's recommendation.

Recommendation implemented

8.5 The government has implemented this recommendation to consider changes to building regulations and taken steps via a Call for Evidence. There has been no decision at this point about whether and how building regulations should be changed but the department intends to continue to explore this in future through the upcoming Property Flood Resilience roadmap.

8.6 Building Regulations 2010 cover the construction and extension of buildings and are supported by Approved Documents. These set out detailed practical guidance on compliance with the regulations for developments. Although flood resilience is not currently a requirement of Building Regulations, Approved Document C includes recommendations for developers on construction techniques for buildings in flood prone areas and signposts them to a publication called 'Improving the Flood Resilience of New Buildings' which was published by Defra and DLHUC (formerly MHCLG) in 2007. In 2015, the scope of this publication was updated and expanded to include retrofit and was formalised as British Standard 85500:2015. Approved Document M: Access to and Use of Buildings; recommends in new dwellings that switches and socket-outlets for lighting and other equipment should be set between 450mm and 1200mm from finished floor level and consumer units are mounted so that the switches are 1240-1450mm above floor level.

8.7 The government has now considered changes to building regulations to include mandatory flood protection measures in new builds. On 1 February 2021, the government published a Call for Evidence. Part 2 of the Call for Evidence sought evidence about the key Property Flood Resilience (PFR) enablers to help inform policy development and the action required to drive the uptake of PFR. It looked at a range of enablers including how planning policy and building regulations could be strengthened to incorporate resilient design into new developments. On 29 July 2021, the government published a response to the call for evidence where it committed to publishing a PFR roadmap at the end of 2022 to further accelerate take-up of property flood resilience measures and support the transition to a risk reflective insurance market.

8.8 In July 2021, the government also published an update to the National Planning Policy Framework (NPPF). Existing guidance that new builds in flood risk areas should be appropriately resilient was expanded to include a definition. Additionally, the government published a review of policy for Development in areas at risk of flooding. The government has committed to publish an update to the Planning Practice Guidance on flood risk later this year.

Forty-Sixth Report of Session 2019-21

Department for Business, Energy & Industrial Strategy and HM Treasury

Achieving Net Zero

Introduction from the Committee

In June 2019, government committed in law to achieving 'net zero' greenhouse gas emissions by 2050, requiring the UK's emissions in 2050 to be equal to or less than what is removed from the atmosphere by either the natural environment or carbon capture technologies. This target aims to deliver on the commitments it had made by signing the Paris Agreement in 2016. Net zero is an increase in ambition from the government's previous target, set in 2008, to reduce net emissions by 80% by 2050 compared with 1990 levels. Reducing emissions further to achieve net zero is a colossal challenge, requiring wide-ranging changes to the UK economy and to the way we all live our lives. This includes further investment in renewable electricity generation, as well as changing the way people travel, how land is used and how buildings are heated. The all-encompassing nature of achieving net zero means that organisations across central and local government, as well as the public, all have a role to play. The Department for Business, Energy and Industrial Strategy (the Department) has overall responsibility for achieving net zero. It also has lead responsibility for decarbonising many of the highest-emitting sectors of the economy, such as power and industry. The Department must work with the Devolved Administrations and other departments, such as the Ministry of Housing, Communities and Local Government, Department for Environment, Food & Rural Affairs and the Department for Transport, which each hold responsibility for decarbonisation in their respective policy areas. Progress has not been uniform and whilst emissions from power have declined by 62% between 2008–2018, surface transport emissions have declined by only 3% over the same time period. HM Treasury has a key role to play given it allocates budgets to government departments and is central to assessing the relative priority of policies across government.

Relevant reports

- NAO report: Achieving Net Zero – Session 2019-21 (HC 1035)
- PAC report: Achieving Net Zero – Session 2019-21 (HC 935)
- Treasury Minute: May 2021 Treasury Minute – Session 2019-21 (CP 434)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 434 above), six recommendations remained work in progress, three of which are now implemented.

1: PAC conclusion: Government has not set out how it plans to achieve net zero despite having set the target in 2019.

1: PAC recommendation: The Department should ensure that the key sector strategies, and the overarching net zero strategy, are published by September 2021. These strategies should include a clear timeline of key net zero milestones and decision points, to give Parliament and the public an overview of government's net zero plans, what it plans to achieve and when.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 Leading into COP26, The Department for Business, Energy and Industrial Strategy (the department or BEIS) has set out ambitious plans with bold policy action across key sectors of the economy to enable the government to meet its carbon budgets and net zero. The department has published the Ten Point Plan for a Green Industrial Revolution, the Energy White Paper, North Sea Transition Deal, Industrial Decarbonisation Strategy, Transport Decarbonisation Plan, Hydrogen Strategy, and now the Heat and Buildings Strategy which set out key net zero milestones, decision points for these sectors and how they interact.

1.3 The recently published Net Zero Strategy sets out how the government meets Carbon Budgets 4, 5, and the Nationally Determined Contribution (NDC), and puts the government on the path for Carbon Budget 6 – and ultimately on course for net zero by 2050. The policies and spending brought forward in the Strategy mean that since the Ten Point Plan, the government is mobilising £26 billion of government capital investment for the green industrial revolution. The Net Zero Strategy sets out in one place, across all sectors, the Government's ambitions, policies and future milestones in the transition to net zero by 2050.

2: PAC conclusion: The Department is not yet reporting on the programmes across government that are crucial to the delivery of net zero in a way that enables Parliament or the public to scrutinise progress.

2: PAC recommendation: The Department should develop a clear set of metrics that provide a system-wide view of progress towards net zero. These metrics, which should include reporting on progress of emissions levels compared to expectations within each sector, should be reported regularly from the end of 2021, in as close to real time as is feasible and produced in a user-friendly manner for the public.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2021

2.2 The government already comprehensively reports the UK's historic emissions since 1990 and publishes projections of future emissions. The UK's 'Energy and Emissions Projections' (EEP) is a world leading approach to projecting the UK's annual emissions, by sector, according to United Nations Framework Convention on Climate Change guidelines.

2.3 The government is now going further to communicate and invite scrutiny on progress towards net zero. The Net Zero Strategy sets out a delivery pathway. This is an indicative trajectory of emissions reductions based on potential in each sector of the economy, which keeps the government on track to meet the sixth carbon budget ending in 2037. While it is impossible to predict every path to net zero, this pathway sets out the decisive action the government knows is needed and acts as the best plan the government has to measure progress against.

2.4 As well as the EEP, the department is now committing to provide a public update every year, from 2022, on progress against the delivery pathway to net zero set out in the Strategy. This will include:

- An update on progress against the targets and ambitions set out in the Strategy.
- Commentary on contextual changes that might affect the exact pathway to meeting the department's decarbonisation commitments.
- A summary of key areas of progress made against the policies and proposals in this Strategy.

3: PAC conclusion: HM Treasury has not yet clarified how it will ensure net zero is given adequate weight in the assessment of government policies and projects.

3: PAC recommendation: HM Treasury should, within two months, write to us outlining:

- ***how it will ensure its guidance, such as the Green Book, will lead to departments adequately considering and reporting the impact of policy decisions on net zero;***
- ***how all fiscal stimulus packages and infrastructure proposals will be stress tested against net zero and what measures will be incorporated into the Green Book to ensure projects are only approved if they align with 2050 net-zero target; and***
- ***how it will ensure the development of skills across Whitehall to assess the impact of decisions on net zero.***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 HM Treasury has reviewed the learnings from the climate impact assessments provided at Spending Review 2020 and put in processes to improve the coverage and quality of data provided at Spending Review 2021. The department will review SR21 data and determine how best to support public understanding of the climate impacts of public spending.

3.3 HM Treasury has worked with departments to highlight the importance of detailed climate impact assessments at Spending Reviews, using proper application of the Green Book and relevant Supplementary Guidance. The Green Book has been updated so that policies must be developed and assessed against how well they deliver on policy aims such as net zero. It provides detailed advice for valuing the costs and benefits of interventions in terms of climate change mitigation and other environmental impacts.

3.4 To ensure the whole Civil Service has access to the skills it needs to prepare for the challenges of the net zero transition, the department is developing new training specifically on climate change and how it interacts with other government priorities. This includes:

- Detailed guidance and FAQs in commission to departments (including application of the Green Book Guidance)
- Summary emails to department contacts and spending teams detailing the climate change impact assessment requirements
- Commissioning of comments on what would be the most helpful to cover in workshops
- Delivery of workshops with strategy, finance and analytical teams, giving examples of best practice and inviting Q&A
- Delivery of appraisal training for HM Treasury spending teams
- 1-1 support meetings with departments

4: PAC conclusion: Government does not have a clear way of determining whether its actions to reduce emissions in the UK are transferring emissions to other countries.

4: PAC recommendation: The Department should review how policies aimed at reducing UK-based emissions take into account the risk that emissions are passed to other countries and explore how to make the level of emissions generated in the manufacture of imported goods more transparent.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2021

4.2 Building on the government's Industrial Decarbonisation Strategy, the government has published more analysis on the risks of carbon leakage to the UK and possible mitigation options in the Net Zero Review Final Report. The department is also preparing to launch a call for evidence on demand-side low carbon product policies by Spring 2022, covering the definitions of low carbon products and the emissions reporting that will be required to facilitate those definitions. The department is progressing work to review existing policies, such as the UK ETS design. In addition to the commitment to review the free allocation of allowances to ensure allowances are best targeted for those at risk of carbon leakage, the department will be consulting on aligning the UK ETS cap with the net zero target. The department is also analysing responses to the recent consultation on the future of the Energy Intensive Industries compensation schemes, which closed in early August 2021, and will be responding in due course.

4.3 Given carbon leakage is caused by different countries taking different approaches to climate mitigation, developing shared global solutions will continue to be a core priority. In this context, the government launched the G7 Industrial Decarbonisation Agenda, which aims to drive high-level collaboration among the G7 and also strengthen the current landscape, turbo-charge ambition and align the activities of existing key industrial decarbonisation international initiatives. As COP26 President, the UK is working to raise global ambition through increased Nationally Determined Contributions.

5: PAC conclusion: Government has not adequately communicated to the general public the changes that individuals will need to make in the transition to net zero emissions.

5: PAC recommendation: The Department should, in the next 12 months, develop a public engagement strategy that sets out how communications will be coordinated.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Net Zero Strategy sets out the department's approach to engaging the public on the challenge of, and their role in, meeting net zero targets.

This includes:

- Communicating a vision of a net zero 2050, building a sense of collective action, improving understanding of the role different actors play in reaching net zero, and how and when choices can be made:
- Ensuring there is trusted advice and support for people and businesses to make green choices.
- Mobilising a range of actors and stakeholders to increase and amplify their communication and action on net zero and green choices; and
- Giving people opportunities to participate in and shape the government's plans for reaching net zero, thereby improving policy design, buy-in and uptake of policies.

5.3 The department will also build on government communications and engagement on net zero to increase awareness of how the department plans to deliver the net zero target in the UK. This will build on existing campaigns, such as Together for Our Planet and Race to Zero campaigns, through which the UK business community is demonstrating global leadership in efforts to combat climate change, with over half of the FTSE 100 and over 1,900 SMEs signed up to reach net zero by 2050. Up and down the country, local high street shops are proudly displaying their climate leadership by sharing their net zero journey on social media. In doing so, they are acting as changemakers in their local communities.

6: PAC conclusion: The Department has not sufficiently engaged with local authorities on their role in the achievement of net zero across the UK.

6: PAC recommendation: Government should respond with a coherent National Fiscal and Policy Framework. This should set out Government's national responsibilities. Local Authorities local and regional responsibilities and be clear how government proposes to work with local authorities to secure the funding, skills, resources and outcomes required to deliver Net Zero

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2021

6.2 Government recognises that local authorities can, and do, play an essential role in driving local climate action.

6.3 Across the UK, local areas have already made great strides towards the net zero future and throughout the UK there are brilliant examples of local action, innovation, and excellence.

6.4 The government works closely with local government and has provided support to help them contribute to delivering net zero.

6.5 The Net Zero Strategy sets out the government's commitments to enable local areas to deliver net zero. This includes:

- Setting clearer expectations on how central and local government interact in the delivery of net zero.
- Building on existing engagement with local actors by establishing a Local Net Zero Forum to bring together national and local government senior officials on a regular basis to discuss policy and delivery options on net zero.
- Continuing the Local Net Zero Programme to support all local areas with their capability and capacity to meet net zero. This includes provisions to:

    - Continue the Local Net Zero Hubs (previously known as the local energy hubs) to support all areas of England to reach net zero, including those lacking capacity and capability, or those facing unique challenges.
    - Promote best practice and support local authorities to develop net zero projects that can attract commercial investment.
    - Increase knowledge sharing to demonstrate and share successful net zero system solutions.

Forty-Seventh Report of Session 2019-21

Department of Health and Social Care

COVID-19: Test, track and trace (Part 1)

Introduction from the Committee

Test and trace programmes are a core public health response in epidemics. The basic principles of test and trace are identifying infected individuals, or groups of individuals, through testing, and tracing their contacts as early as possible. Potentially infectious contacts are then encouraged or obliged to reduce interactions with other people (to self-isolate), thereby reducing the spread of disease. On 28 May 2020, the government launched the new NHS Test and Trace Service (NHST&T), to lead the national test and trace programme, working in conjunction with Public Health England (PHE) and English local authorities. The 'isolate' part of the COVID-19 strategy is not part of the scope of the Test and Trace programme, but is key to successfully controlling the disease.

NHST&T is part of the Department of Health & Social Care (the Department), which has overall responsibility for testing and tracing. Throughout the pandemic, the Secretary of State for Health has had ministerial accountability for the test and trace programme. Up to December 2020, NHST&T had an unusual accountability relationship with the Department: it was subject to the Department's financial, information and staffing controls, but its head, the executive chair, reported directly to the Prime Minister and the Cabinet Secretary. The Department told us this relationship changed on 3 December 2020, with the executive chair now reporting to the Secretary of State for Health. PHE is England's expert public health agency, with responsibilities for public health advice, analysis and support, and for responding to public health emergencies. Local authorities employ directors of public health who have a statutory duty to control local COVID-19 outbreaks.

Relevant reports

- NAO report: The government's approach to test and trace in England – interim report – Session 2019-21 (HC 1070)
- PAC report: COVID-19: Test, track and trace (part 1) – Session 2019-21 (HC 932)
- Treasury Minute – May 2021 (CP 434)

Update to the Government response to the Committee

An update to the government's last response to the Committee on this report (CP 434) had not been received at the time of publication.

Forty-Eighth Report of Session 2019-21

Home Office - Border Force

Digital Services at the Border

Introduction from the Committee

The Home Office (the Department) is responsible for protecting the border at over 270 crossing points and 56 major entry points. Border Force, a law enforcement command within the Department, has the lead operational responsibility for securing the United Kingdom border by carrying out immigration and customs controls on people and goods entering the UK. Upgrading or replacing legacy systems and improving information at the border through digital transformation programmes has been an ambition of the Department since the launch of its e-borders programme in 2003. In 2014, the Department started its Digital Services at the Border programme (the programme) with a budget of £199 million, as a new attempt to achieve its objectives by March 2019 through replacing the legacy systems Warnings Index and Semaphore. In 2019 the Department 'reset' the programme due to changed priorities to support its broader ambition for a digitised immigration system and to provide the border controls required following the UK's decision to leave the EU, as well as scope creep and poor programme performance. The reset refocused the programme on rolling out Border Crossing and improving rather than replacing the Semaphore system as well as removing goods from the programme scope. This decision extended the programme's delivery timescales by three years and increased costs by £173 million. The Department now expects to deliver the programme by the end of Spring 2022.

Relevant reports

- NAO report: C&AG's Report, Digital Services at the Border – Session 2019-21 (HC 1069)
- PAC report: Digital services at the Border – Session 2019-21 (HC 936)
- TM report: - Government responses to the Committee of Public Accounts on the Forty-Fifth to the Fifty-First reports - Session 2019-21 (CP 434)

Following the government's last response to the Committee on this report: (CP 434 above), one recommendation below remained work in progress and is now implemented.

1: PAC conclusion: The Department continues to struggle with delivery of technology programmes at staggering cost to the taxpayer.

1: PAC recommendation: The Permanent Secretary should review the major technology programmes within the Department's portfolio and write to the Committee within three months with an updated assessment of each programme's progress and of what impact he expects each programme to have.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Permanent Secretary wrote to the Committee on 3 June 2021 providing an assessment of each programme's progress and anticipated benefits.

Forty-Ninth Report of Session 2019-21

Ministry of Housing, Communities and Local Government

COVID-19: housing people sleeping rough

Introduction from the Committee

On 26 March 2020 the Ministry of Housing, Communities & Local Government (the department) launched its Everyone In initiative. Everyone In required local authorities to take urgent action to house people sleeping rough and those at risk of rough sleeping in order to protect them and stop wider transmission of COVID-19. This was in recognition both of the greater vulnerability of this population, given the prevalence of underlying health conditions, and the practical barriers to self-isolating within communal shelters. By mid-April, 90% of the then estimated population of people sleeping rough had been made an offer of emergency accommodation, often staying in hotels that had been block-booked by local authorities. In the first wave of the pandemic, the deaths of only a relatively small number of people sleeping rough, and those who had been rough sleeping, were linked with COVID-19 (16 people as of 26 June 2020). By the end of January 2021, there were 11,263 people staying in hotels and other emergency accommodation, and a further 26,167 people who had been helped to find more settled accommodation.

Relevant reports

- NAO report: Investigation into the housing of rough sleepers during the COVID-19 pandemic – Session 2019-21 (HC 1075)
- PAC report: COVID-19: housing people sleeping rough – Session 2019-21 (HC 934)
- Treasury Minute May 2021 (CP 434)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 434 above), three recommendations below remained work in progress, two of which are now implemented.

1: PAC conclusion: The Everyone In initiative succeeded in its objective of protecting public health in the first wave of the pandemic, averting more than 20,000 infections.

1: PAC recommendation: The Department should, in seeking to learn lessons from what made Everyone In a success in the first wave of the pandemic, assess what additional staff capacity it needs to be able to sustain its response and its support for local partners, as the pandemic continues.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 As stated in the department's last update, the department (now known as the Department for Levelling Up, Housing and Communities) regularly reviews staffing capacity in line with ministerial priorities and to ensure that the right people and skills are in the right parts of the organisation to make the biggest possible difference to communities and local partners. This includes ending rough sleeping and reducing homelessness.

4: PAC conclusion: The Department has provided a number of different funding streams to local authorities to cover the pandemic response for people sleeping rough, but many are short-term and reactive, and the Department does not have a cohesive longterm funding plan for its commitment to end rough sleeping.

4: PAC recommendation: To inform the review of its strategy, the Department should reassess the level of funding required to meet its target of ending rough sleeping and align all individual streams of funding for tackling rough sleeping to this end. This should address the importance of multi-year funding certainty for local authorities and the voluntary sector. In doing so, it should state how it will assess the long-term value for money of its spending on rough sleeping and homelessness, focusing on interventions which do most to reduce the long-term public costs associated with both rough sleeping and housing people in temporary accommodation.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2021

4.2 The department is working across government to consider the support that is required to end rough sleeping, including financial and non-financial aspects. Decisions on future funding will be a matter for the 2021 Spending Review, and this will consider the long-term value for money of the department's spending.

6: PAC conclusion: It is uncertain whether the Department will meet its objective of providing 3,300 homes for people sleeping rough by the end of March 2021.

6: PAC recommendation: The Department should write to us within two months on the progress it is making in securing 3,300 homes under its Rough Sleeper Accommodation Programme, and include details on how it will ensure the availability of the supported and affordable housing required for people to move into, once their stay in these homes comes to an end.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 A letter was sent to the Committee on 2 June 2021 setting out the challenges faced by projects allocated funding in 2020-2021 through the Rough Sleeping Accommodation Programme; details of the next round of the Programme launched in March; and how the department works with local authorities to ensure people receive the right support and services to move on at the end of their tenancies.

Fiftieth Report of Session 2019-21

Ministry of Defence

Defence Equipment Plan 2020 – 2030

Introduction from the Committee

The Department's 2020–2030 Equipment Plan (the Plan) sets out its spending plans for the next 10 years on projects to equip the Armed Forces. It shows that the Department has allocated a budget of £190 billion to equipment and support projects, 41% of its entire forecast budget. The Plan assesses whether its equipment and support projects 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. The Department must also retain a level of flexibility to develop new high-priority capabilities and replace some existing capabilities as they go out of service.

The Department first published its Equipment Plan in 2013. Under the Department's delegated model, managing projects is the responsibility of the Front-Line Commands (Navy, Army, Air and Strategic Command), the Defence Nuclear Organisation and the Strategic Programmes Directorate. These organisations are known as Top-Level Budgets (TLBs) and are required to deliver their agreed defence outcomes within delegated budgets. The Department's Head Office aggregates the information provided by the TLBs to establish the departmental position on the affordability of the Equipment Plan.

Relevant reports

- NAO report*:* The Equipment Plan 2020 to 2030 Session 2019-2021 (HC 1037)
- PAC report: Defence Equipment Plan 2020 - 2030 (HC 693) Session 2019 -21 (HC 693)
- Global Britain in a Competitive Age: the Integrated Review, Security, Defence, Development and Foreign Policy – 16 March 2021
- Defence in a Competitive Age' – 22 March 2021
- Defence and Security Industrial Strategy – 23 March 2021
- Treasury Minute May 2021 (CP 434)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 434 above), six recommendations remained work in progress, one of which is now implemented.

1: PAC conclusion: It is very disappointing that the Department's latest Equipment Plan is unaffordable for the fourth year in a row.

1: PAC recommendation: In its next Equipment Plan report, the Department must demonstrate that its Plan is affordable and has the resilience to absorb financial pressures—like cost inflation—and respond to changing capability needs.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2021

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, ensure that the department's budget matches ambition and address the financial pressure reported in previous equipment plan reports. The Defence Secretary set out the details for Defence on 22 March 2021 in the Command Paper Defence in a Competitive Age.

1.3 This additional funding allows the department to reset the balance between ambition and resources, but an affordable plan is not the result of additional funding alone. The department has taken difficult decisions to retire older capabilities and to bear down on operating costs to create the headroom needed for modernisation and investment. In addition, the department is continuing to improve its financial management.

1.4 In the next Equipment Plan report (publication Autumn 2021), the implications of the 2020 Spending Review settlement and the Integrated Review will be set out and the department will demonstrate how this has improved the affordability and resilience of the Equipment Plan.

2: PAC conclusion: Because of the repeated delays to the publication of the Integrated Review of Security, Defence, Development and Foreign Policy, the Department was not able to provide details of how it proposes to use the £16.5 billion additional defence funding, or what capabilities it will cut to develop a balanced investment programme.

2: PAC recommendation: Within three months of the Integrated Review being published, the Department should provide full transparency on its allocation of the additional funding, including: full details of disinvestment decisions; how the funding has been used to address existing shortfalls; and the investment in new capabilities.

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 Following the publication of the Integrated Review on 16 March 2021, the Ministry of Defence (MOD or the department) published a summary of key spending and investment decisions in the Defence Command Paper, 'Defence in a Competitive Age' on 22 March 2021.

2.3 The department wrote to the Committee on 22 June 2021 and 14 September 2021 with further details of the investments and savings taken through the Integrated Review.

2.4 The department has worked with the NAO to allow them to review the department's Equipment Plan and will publish the annual Equipment Plan in Autumn 2021 alongside the NAO's report.

3: PAC conclusion: The Department's failure to break the cycle of short-term financial management is preventing it from developing essential military capabilities in ways that achieve value for money and is restricting its ability to respond to new opportunities or threats.

3: PAC recommendation: After the Department has translated the decisions in the Integrated Review into a balanced investment programme, it should write to the Committee setting out the key principles of how it will make future investment decisions and manage its equipment budget to achieve value for money.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2021

3.2 In the Equipment Plan 2021, the department will outline the key principles that will guide future investment decisions and steps the department is taking to ensure that the equipment plan remains affordable and delivers value for money.

3.3 Since the Committee's report, the department published the Defence Command Paper which sets out new policy aims and the capability decisions that were underpinned by the additional £16.5 billion investment from the 2020 Spending Review. The department wrote to the Committee on 22 June 2021 and 14 September 2021 with further details of the investments and savings taken through the Integrated Review.

4: PAC conclusion: The Defence equipment programme is routinely jeopardised by factors that drive inflation in defence projects.

4: PAC recommendation: The Department should undertake a comprehensive study to better understand the drivers of defence costs inflation. This should not merely be a statistical exercise but should look at attitudes and behaviours within the defence acquisition system, and how commercial realities and competition with other nations drive up costs. It should report the results to the Committee.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2021

4.2 The department will write to the Committee alongside the department's annual Equipment Plan report which will be published in Autumn 2021.

4.3 Understanding defence cost inflation is critical to enabling the department to make realistic and affordable plans. The department's economics and statistics teams routinely review evidence on Defence inflation.

4.4 The department is committed to changing attitudes and behaviours within the Defence acquisition system. The department's work on acquisition culture and behaviours focuses on setting programmes up for success from the outset. This includes early consideration of strategic risks and could drive up costs. Our acquisition and approvals transformation programme is leading initiatives including embedding category management and developing new tools and support for project SROs.

5: PAC conclusion: The Department has not established a reliable and sophisticated approach to estimating the cost of its future equipment programme, including setting realistic efficiency savings.

5: PAC recommendation: The Department should strengthen its approach to assessing risk in long-term projects, liaising with other government departments to establish and draw on best practice. In the next Equipment Plan report, it should explain the improvements made and set out how it has tested confidence in its ability to deliver planned efficiency savings, including those for 2021–22.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2021

5.2 The next Equipment Plan report will explain the improvements made to assess risk in long-term projects and detail on the department's planned efficiency savings.

5.3 As part of the work to strengthen the approach to assessing risk across the portfolio, the department is reviewing how the department records risk in its financial forecasts to inform and support financial decision-making and control. The department is piloting a new approach to calculating risk costings based on best practice and new guidance. Supporting tools have also been made available to the project delivery community, which have purposefully been developed to accompany the new guidance.

5.4 The department will also improve the reporting, visibility and monitoring of risk across the portfolio. For the department’s major programmes, this will partly be achieved by improving risk management information presented at the Quarterly Portfolio Review.

6: PAC conclusion: The Department does not have all the necessary arrangements or qualified staff in place to provide assurance that its Equipment Plan is reliable and has been subject to rigorous quality assurance.

6: PAC recommendation: The Department should re-assess the role of its Head Office team in providing assurance on the affordability of the Equipment Plan and strengthen financial capabilities across the Department, ensuring that TLBs have adequate capacity and capability to make reliable and consistent assessments of future costs.

6.1 The government agrees with the Committee’s recommendation.

Target implementation date: March 2023

6.2 The department recognises the importance of reporting transparently and accurately to the public and have taken steps to increase the resource available to produce the equipment plan report. On top of controls to assure the financial data during the planning round, the department uses an internal independent team to assure work on the annual equipment plan report.

6.3 The department is also strengthening its financial capabilities more broadly. It takes time to both train and recruit professionally qualified staff, but numbers will increase over time and statistics on qualified staff are published in the Annual Report and Accounts. The department is delivering professional training through apprenticeships for Finance staff. In addition, the department has a Finance Skills Certificate for finance function staff and for the senior civil service and military equivalents, the Defence Strategic Finance Programme is available. The department is also in the process of developing finance training for budget holders and specifying which roles require professional qualifications, to form part of the recruitment process when posts become vacant.

6.4 The department is also undertaking work to improve cost modelling. The department is developing a centralised pool of guidance and resources to support analysts across defence. The department’s Analysis Function runs a Quality Assurance Working Group to enable best practice to be shared more widely and increase knowledge of the department's business critical models, and the department’s Cost Assurance and Analysis Service (CAAS) has developed training and advice in modelling and quality assurance which it provides across defence.

Fifty-First Report of Session 2019-21

HM Treasury and The Infrastructure and Projects Authority

Managing the expiry of PFI contracts

Introduction from the Committee

Since the early 1990s the public sector has used the Private Finance Initiative (PFI) to build more than 700 public infrastructure assets such as roads, schools and hospitals. PFI deals involve the public sector entering a long-term contract with a private sector company, which has been specifically created to finance the project, through a combination of debt and equity investors, and design and build the asset. When construction is finished the PFI company operates and maintains the assets together with running any associated services over the life of the contract, typically 25–30 years. In exchange, the public sector will make annual payments to the PFI company which cover debt and interest repayments, shareholder dividends, asset maintenance, and in some cases other services like cleaning.

These contracts are now expiring and over the next 10 years, an estimated 200 PFI projects will finish, representing £10 billion of assets. In most cases, when a PFI contract expires, the assets will transfer to the public sector. The process is complex and requires the public body (the authority) that entered into the original contract to take several actions in advance of expiry. First, the authority has a duty to ensure the private company has completed any scheduled or reactive maintenance, including any rectification work required to bring the asset up to the condition stipulated in the contract. Second, the authority needs to decide if the assets and services are required after expiry and, if so, how the asset will be maintained, and the services provided.

It is ultimately the responsibility of the authority to manage its PFI contract, including the expiry process. Each authority will be supported by a sponsor department. Government departments can act as either an authority, if it directly owns a PFI contract, or as a sponsor department if it is supporting a local body such as an NHS trust or local authority with their contract. The IPA is the government's centre of expertise for infrastructure and major projects. It provides advice and support to departments and authorities. Local Partnerships, a joint venture between the Treasury, the Local Government Association and the Welsh Government, provides training and assistance to authorities on any aspect of their PFI contracts. The Treasury is responsible for PFI policy, and indirectly funds all contracts via the budgets it allocates to departments.

Relevant reports

- NAO report: Managing PFI assets and services as contracts end Session 2019-21 (HC 369)
- PAC report: Managing the expiry of PFI contracts Session 2019-21 (HC 1114)
- Treasury Minute May 2021 (CP 434)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 434 above), the recommendations below remained work in progress, six of which are implemented.

1: PAC conclusion: Government has started to deal with the expiry of PFI contracts, but there remains a lack of urgency and overall plan.

1:PAC recommendation: Within 3 months, the IPA should publish a plan for how it will support all public bodies with expiring PFI contracts, beyond those expiring in the immediate short-term, including what they will deliver and by when. It should also proactively publish guidance for authorities. HM Treasury should write to key departments encouraging them to develop sector specific PFI expiry guidance.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Infrastructure and Projects Authority (IPA) wrote to the Committee on 16 August 2021 to confirm it had published a plan setting out the support it is providing to all public bodies within England to help them better prepare for and manage the expiry of Private Finance Initiative (PFI) contracts. The plan set out a timetable for the publication of guidance notes on contract expiry and other matters. These issues will also be addressed through the Oversight Committee for the PFI Contract Management Programme that HM Treasury co-chairs with the Cabinet Office.

2: PAC conclusion: The IPA does not yet have the data it needs to fully understand the challenges of managing the expiry of PFI contracts

2a: PAC recommendation: The IPA should write to the Committee within 3 months with an update on the thematic PFI expiry challenges that it has identified following its review of 55 contracts and how it proposes to address them.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The IPA wrote to the Committee on 16 August 2021 setting out the emerging themes from all of the PFI contract expiry health checks that had been completed and how the issues raised would be addressed.

2b: PAC recommendation: In addition to this, the IPA should compile a central list of all PFI expiry dates to help authorities prepare for their conclusion.

2.3 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2021

2.4 The annual data collection is a significant undertaking, and the IPA is reliant on departments providing accurate and comprehensive information. The data on expiry dates will be collected through the annual data collection exercise managed by the IPA. The data was commissioned on the 15 October 2021 with returns due seven weeks later on 3 December 2021.

3: PAC conclusion: Many authorities currently lack the skills, expertise and capabilities to successfully deliver PFI contract expiry, with locally managed contracts most at risk.

3: PAC recommendation: The Treasury and the IPA should write to Committee within 3 months outlining how they plan to fill the current skill shortages, focusing particularly on those authorities with limited funds to recruit or buy-in external support.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 In the letter to the Committee, dated 16 August 2021, a response was provided on how the Treasury and the IPA plan to fill current skill shortages, particularly for those authorities with limited funds to buy-in external support.

4: PAC conclusion: The IPA is not clear what support will be provided to authorities with expiring PFI contracts, and who will provide that support.

4: PAC recommendation: The Treasury and the IPA should set out, within 3 months, their plan for providing support to all PFI contracts, especially those owned outside of central government. This should cover:

- ***What support will be made available, including how additional funding will be provided to authorities with limited resources or those with the most challenging contracts.***
- ***Who is responsible, between the Treasury, the IPA, departments, and local government, for providing support.***
- ***The circumstances under which authorities can access different types of support and the process they need to go through to obtain it.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The IPA set out the IPA and HM Treasury's plan for providing support to help authorities with the management of PFI projects in the letter from the IPA to the Committee dated 16 August 2021. Of course, decisions on any additional funding are a matter for ministers to determine in the 2021 Spending Review. The envelope for the Spending Review will be set out on 27 October 2021.

5: PAC conclusion: We are concerned that the approach to managing the expiry of PFI contracts risks authorities working in silos rather than collectively securing value for the taxpayer.

5: PAC recommendation: Within 3 months, the Treasury should outline how it is ensuring taxpayer interests are being protected when the expiry of PFI contracts creates a change of asset ownership between public bodies.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 HM Treasury wrote to the Committee on 3 March 2021 regarding this recommendation and further on 14 May 2021 regarding the Department for Education's potential liability in relation to academies which are part of an expiring PFI contract.

6: PAC conclusion: The IPA has not set out a clear escalation process to avoid disputes between the public and private sector going through the courts.

6: PAC recommendation: The IPA should publish a disputes protocol, outlining how disputes can be escalated by authorities, and the steps that can be taken to ensure disputes only need to be resolved by the courts as a last resort. Where disputes do materialise, the IPA should conduct a review to determine whether it is a one-off disagreement or a wider problem that may impact other contracts.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

6.2 Discussions with the private sector on a protocol have begun and the IPA expect to publish it by Summer 2022. The disputes protocol will set out how to resolve issues before they need to be taken through a formal contractual dispute resolution procedure, including through the courts. It will make clear the government's view that disputes should usually be settled before they reach the courts. Specific guidance will be considered where disputes indicate a wider underlying issue.

7: PAC conclusion: The IPA has not outlined clearly how it plans to engage with investors to ensure that authorities have access to all information needed to manage the expiry process.

7: PAC recommendation: The IPA should write to the Committee within 3 months outlining the steps it is taking to ensure PFI investors are being fully transparent and compliant with contracts, and what action, if any, it will take if an investor if found to be deliberately non-co-operative.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 The IPA wrote to the Committee on 16 August 2021 outlining the further steps it is taking to ensure PFI investors are being fully transparent and compliant with contracts. The IPA confirmed it intends to develop a protocol which will set out the behaviours expected of investors and authorities in managing the expiry process. A draft of the PFI protocol is expected to be shared with the private sector in Autumn 2021 with a target to obtain market agreement to the protocol within six months of its draft issuance.

Fifty-Second Report of Session 2019–21

Ministry of Justice

Key challenges facing the Ministry of Justice

Introduction from the Committee

The Ministry of Justice (the Ministry) and its executive agencies, including HM Courts & Tribunals Service (HMCTS) and HM Prisons and Probation Service (HMPPS), are responsible for managing the work of courts, prisons and probation services. The pandemic has significantly impacted the operation of the justice system and has exacerbated systemic issues that have arisen over the years as a result of deep cuts to the Ministry's finances, increased demand across the whole system, and sustained pressure on frontline staff. The Ministry and its agencies are attempting to support the system to recover from the unprecedented effects of the pandemic and to manage significant reform programmes in courts and probation, alongside an ambitious prison building programme.

Relevant reports

- PAC report: Key challenges facing the Ministry of Justice – Session 2019-21 (HC 1190)
- Treasury Minutes: June 2021

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 456 above), three recommendations below remained work in progress two of which are now implemented.

1: PAC conclusion: We are concerned that the Ministry faces significant risks across the full range of its services, without a clear sense of prioritisation.

1: PAC recommendation: In the absence of clear sense of its priorities, the Ministry should set out what contingencies it has if it encounters difficulties delivering its change programmes across courts, prisons and probation services.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Ministry of Justice (the department) did not agree that there is an absence of a clear sense of priorities. Following the Spending Review 2020 outcome a comprehensive and detailed planning exercise was completed which sets out the department's clear priorities. This work is set out in the department's Outcome Delivery Plan, which was published in July 2021.

1.3 The department is focused on the successful delivery of its major change portfolio across courts, prisons and probation. The department's governance structures provide oversight and assurance of critical programmes, actively identifying and managing risks that could impact on project delivery. The department also works closely with the Infrastructure and Projects Authority (IPA) to undertake independent assessments at significant points in each project to assess the health of a project, identify any project-specific or systemic risks or issues, and to identify recommendations to strengthen delivery.

1.4 The department has recently strengthened its oversight of programme delivery by establishing a new Delivery Board, jointly led by the Lead Non-Executive Board Member and the Permanent Secretary, which will provide scrutiny of the activities and programmes that are critical to delivering the priorities identified in the Outcome Delivery Plan.

3: PAC conclusion: We have limited confidence in the Ministry's plans for reducing the backlog in the court system, particularly in criminal courts.

3: PAC recommendation: The Ministry should write to the Committee within one month to set out its plan, including clear projections and timeframes, to reduce the backlog in the court system, particularly in criminal courts where the backlog is most acute.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department continues to work at pace to reduce outstanding caseloads and improve delivery of timely justice for those using the courts and tribunals.

3.3 The Permanent Secretary wrote to the Committee on 18 May 2021 providing an update on recent progress and current plans, and the previous Lord Chancellor was clear that he wants the Crown Court to run to the fullest extent possible this year, with no limit on sitting days.

3.4 Since May 2021, the department has secured funding to extend thirty-two Crown Nightingale courtrooms until April 2022, and the relaxing of social distancing means around sixty Crown court rooms are now being re-opened to increase capacity. The department is also supporting temporary changes to court operating hours where the local judge wants to use this to hear more cases, as well as expanding plans for judicial recruitment to secure enough capacity to sit required levels in future years.

3.5 So far, during 2021-22, the outstanding caseload in the Crown court has stabilised, whilst it has dropped significantly in the Magistrates' court. However, progress in further reducing outstanding cases and improving timeliness for court users is extremely sensitive to a range of factors.

5: PAC conclusion: We remain concerned that the maintenance backlog poses a real threat to achieving a safe and secure prison estate able to accommodate future prison populations.

5: PAC recommendation: As part of setting out a long-term strategy for managing the prison estate, the Ministry should explain how it will:

- ***work with others in the system, including the Home Office to refine its understanding of demand for prison places; and***
- ***reduce the maintenance backlog in the existing prison estate.***

5.1 The government agrees with the Committee's recommendation

Target implementation date: Autumn 2021

5.2 The department closely monitors prison population forecasts to ensure the prison estate has sufficient capacity to meet future demand, and regularly works with its partners across the Criminal Justice System (CJS), including the Home Office and Crown Prosecution Service, to coordinate initiatives to reduce crime.

5.3 Work has taken place to refine the department's understanding of the impacts of recruiting 20,000 additional police officers by 2022-23. Police charge behaviour - including charge volumes and case mix - is a main driver of the prison population. To better understand police activity and how it impacts demand in the CJS, the department is also working with the Home Office and the Crown Prosecution Service on a Shared Outcomes Fund programme, due to complete in 2022, to track data at individual police force levels. A joint understanding of this data across CJS partners will be integral to identifying levers to manage demand on the system.

5.4 The department's Spending Review settlement for 2021-22 provided £315 million in capital funding in this financial year to improve the condition of the existing prison estate.

5.5 The department is committed to developing a robust long-term strategy for the prison estate and already has clear and robust plans for capital maintenance and refurbishment. The programme of work for this financial year has a sharp focus on improving safety and compliance across the estate, with additional investment in fire safety which includes investing in replacement accommodation at the sites most critically affected by the rapid removal from service of unsafe and non-compliant modular accommodation units. The department will be developing these plans further in light of the Spending Review outcomes once these are known at the end of October 2021.

5.6 The department remains ambitious to improve rehabilitative outcomes for prisoners, whilst creating a more modern and safer environment for prisoners and staff.

Fifty-Third Report of Session 2019-21

Department of Health and Social Care and the Department for Levelling Up, Housing and Communities

COVID-19: Supporting the vulnerable during lockdown

Introduction from the Committee

On 22 March 2020, the Secretary of State for Housing, Communities and Local Government announced that those people in England who faced the highest risk of being hospitalised by COVID-19 should shield themselves and stay at home. DHSC eventually identified some 2.2 million people as those most clinically vulnerable to COVID-19 and advised them to shield. Government set up the shielding programme to provide support - access to food, medicines and basic care - to people shielding. Government spent £308 million providing this support.

Relevant reports

- NAO report: Protecting and supporting the clinically extremely vulnerable during lockdown – Session 2019-21 (HC 1131)
- PAC report: COVID-19: Supporting the vulnerable during lockdown – Session 2019-21 (HC 938)
- Treasury Minutes: June 2021 (CP 456)

Update to the government response to the Committee

Following the government's last response to the Committee on this report: (CP 456), it was announced on 15 September 2021 that the shielding programme has now ended. The recommendations below remained work in progress, three of which are now implemented.

1: PAC conclusion: DHSC's initial clinical criteria for identifying and supporting clinically extremely vulnerable people excluded several factors which it became clear also made people more vulnerable.

1: PAC recommendation: In the event of future epidemics, DHSC should ensure that the way it identifies vulnerable people and the support it offers them, encompasses a broad range of non-clinical factors and personal circumstances that go beyond susceptibility to disease and makes an assessment about what practical support may be needed and how this can be planned for.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

1.2 Whilst the initial definition of the Clinically Extremely Vulnerable (CEV) group was based solely on medical conditions, further evidence and the introduction of the QCOVID® tool has allowed the government to introduce non-clinical factors such as ethnicity, gender and postcode to improve identification of those most at risk from COVID-19.

1.3 This is a new capability for data driven population management and risk stratification across the population to identify and protect those at highest risk, showing how the use of data from different sources can be pooled to enable a holistic view of these populations. Retaining the digital infrastructure that has provided the capability to maintain such a list may in future enable other targeted interventions.

1.4 Work is ongoing as part of future pandemic preparedness, to determine those capabilities that need to be kept actively maintained and those that can be monitored and assured at an arm's length.

1.5 Shielding support was put in place to enable the clinically extremely vulnerable to follow shielding advice, and therefore was necessarily linked to susceptibility to disease. There are other non-clinically vulnerable groups who also faced difficulties during the pandemic. It was not appropriate to advise these groups to shield, and consequently they were not eligible for shielding support. However, other support was and is available eg local authorities were also able to refer non-shielding vulnerable people to NHS Volunteer Responders for support with basic tasks such as shopping, and medicines deliveries. This wider support was outside the scope of the National Audit Office (NAO) report and was not discussed in the Committee hearing.

2: PAC conclusion: DHSC and NHS Digital took too long to identify all clinically extremely vulnerable people.

2: PAC recommendation: Within six months, DHSC and NHS Digital should set out a detailed plan on how they will improve access to and join-up NHS data systems to ensure quick and secure access to all patient records.

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 A detailed plan to improve data integration across and between health and social care systems, allowing for the improvement of individualised care, as well as quicker access to high quality health intelligence to inform improved decision-making and responses to crises is captured in the Data saves lives: reshaping health and social care with data published policy paper (updated on 28 July 2021). The final version of the strategy will be published later in 2021, including a more detailed implementation plan. Views are currently being sought as to what the potential barriers are to implementation, and best to increase transparency and communicate progress on how data is being used and shared.

2.3 Whilst the government agrees with the Committee's recommendation, it does not agree with the conclusion that the Department of Health and Social Care (DHSC) and NHS Digital took too long to identify all CEV people. Given the data available at the time, and the novelty of shielding policy, NHS Digital, DHSC, and frontline clinicians worked as quickly as possible to identify CEV people at the start of the pandemic. However, the government is committed to learning the lessons from this process to improve how national data is used to identify at risk groups in the future.

3: PAC conclusion: Huge local variation strongly suggests that GPs were inconsistent when judging who was clinically extremely vulnerable and should therefore be advised to shield and be eligible for support.

3: PAC recommendation: Within six months, DHSC and NHS Digital should provide to the Committee a detailed explanation for the local variation in growth for the shielded patient list between April and May 2020 including the extent it was due to appropriate clinical judgements and identify lessons for how to support a consistent clinical approach in future.

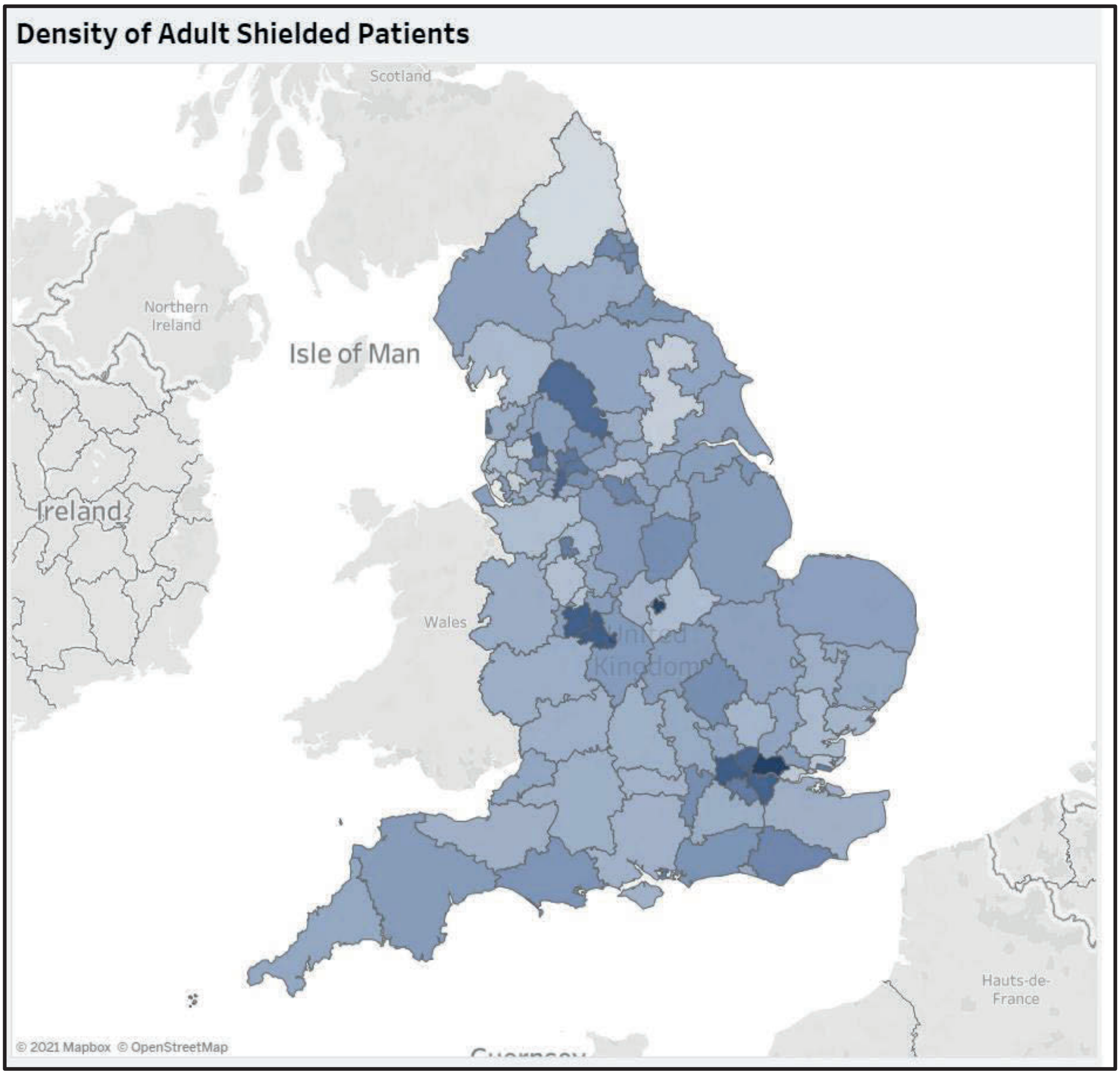
3.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 Whilst the government agrees with the Committee's recommendation, it does not agree with the conclusion that there was huge local variation. Most areas fell within the expected distribution, although it is acknowledged that six local areas did add more people to the SPL than the department would have expected. DHSC is exploring the reasons for this variation with the areas concerned.

3.3 As noted in the clarification to the Committee dated 10 March 2021, the department expected regional variation because of the different health characteristics of the population.

3.4 Since updating the Committee, the service has used the QCOVID algorithm to identify further patients at risk. The data given below (published 02 September 2021) indicates that variation is both normal and expected:



6: PAC conclusion: Missing or inaccurate telephone numbers in NHS patient records undermined government's efforts to contact 375,000 people.

6: PAC recommendation: DHSC and NHS Digital should ensure that different NHS bodies can securely source the most up to date, reliable and complete patient records, including contact details. It should update the Committee on its plan to achieve this progress within six months.

6.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

6.2 A patient's main relationship with the NHS is through their GP practice, who review and apply changes to their demographic details in the GP record when requested by a patient. These are then routinely updated from local NHS systems to a national IT system – the Personal Demographics Service (PDS). Contact information (phone, email, address) can change many times between visits to NHS services, meaning NHS records are not always up to date.

6.3 The SPL used PDS contact details to contact the patient. Early in the programme, patients were contacted by letter and SMS text message, then by letter and email from Autumn 2020.

6.4 In September 2021, SPL introduced routine removal of contact numbers/email addresses from the PDS found to be invalid through attempted communications with patients, or reported as incorrect by a patient. This capability prevents further use of such incorrect/out of date information by other national PDS consumer services.

6.5 In February 2021, the NHS login service enabled direct patient updates to email and phone information held on the PDS, which has had a significant impact on improving data quality, with 3.4m patients using this service by end of August 2021.

6.6 Demographics management information shows improvements in the completeness of email and mobile phone numbers, and a reduction in the use of landlines.

6.7 NHS Digital has also developed a strategic national GP dataset alongside the clinical profession, to allow faster, secure access to regularly updated GP information than currently available. NHSX and NHS Digital are also working together to digitise the health service and deliver comprehensive shared care records.

Fifty-Fourth Report of Session 2019-2021

Ministry of Defence

Improving single living accommodation for Service Personnel

Introduction from the Committee

The Department has stated that it will provide regular service personnel with high-quality subsidised accommodation as a condition of service. Single Living Accommodation is normally provided in the form of accommodation blocks inside military bases and is available to single and unaccompanied personnel undertaking initial training, or those serving on a regular engagement with the Armed Forces, as well as some full-time reservists. As of 31 October 2020, 79,963 service personnel, around 52% of the total Armed Forces, occupied Single Living Accommodation. For some, it is their only accommodation; for others, it is used alongside periods living in their own home, for example at weekends. Accommodation can be anything from a set of rooms with en-suite facilities to a bed space in a multiple occupancy room. Single Living Accommodation is part of the wider defence estate and, since April 2018, the infrastructure budget, including funding to maintain and upgrade the estate, has been delegated to the Commands and defence organisations.

Relevant reports

- NAO report: – Improving Single Living Accommodation Session 2019-21 (HC 1129)
- PAC report: Improving single living accommodation for service personnel – Session 2019-21 (HC 940)
- Tri-Service Accommodation Regulations Volume 2: Single Living Accommodation and Substitute Service Single Accommodation; Joint Service Publication 464
- Treasury Minute June 2021 (CP 456)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 456 above), six recommendations below remained work in progress, one of which is now implemented.

1: PAC conclusion: The Department has neglected Single Living Accommodation for many years and has not given it anything like the priority that it has deserved, despite the clear link between accommodation and delivery of operational capability.

1: PAC recommendation: The Department should report back to the Committee in six months on the changes it is introducing under its Defence Accommodation Strategy to raise the priority given to Single Living Accommodation, including implementation of the National Audit Office recommendations.

1.1 The government agrees with the Committee's recommendation.

Target Implementation date: December 2021

1.2 The Defence Accommodation Strategy (DAS) is on track to be published in December 2021 with detailed delivery plans following in February 2022. The department will write to the Committee around the time of the DAS publication to outline how the strategy and subsequent delivery plans will address the points raised in this recommendation.

2: PAC conclusion: Although many service personnel live in poor quality Single Living Accommodation and are dissatisfied with their accommodation and with the maintenance and repairs service, the Department appeared surprisingly complacent about resolving this long-term issue.

2a: PAC recommendation: The Department should set out clearly in its Defence Accommodation Strategy: how and when it will eradicate the poorest quality accommodation.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2021

2.2 The Ministry of Defence (MOD or the department) remains on track to deliver this recommendation and work continues to set a new minimum standard against which Single Living Accommodation (SLA) will be assessed (see recommendation 3) for inclusion alongside the DAS. This will then inform further work to target and eradicate SLA that falls below that standard.

2c: PAC recommendation: The Department should set out clearly in its Defence Accommodation Strategy: how it plans to gather the views of service personnel on Single Living Accommodation.

2.7 The government agrees with the Committee's recommendation**.**

Target implementation date: December 2021

2.8 The department remains on track to deliver this recommendation. A survey proposal, including methodology, target population and question set has been drafted for submission into the department's research ethics process. The survey will be detailed in the DAS and launched in early 2022, the final report will be published following its conclusion. The survey will cover the following themes:

- How satisfied or dissatisfied Service Personnel are with their experiences of SLA;
- How SLA is being used by Service Personnel;
- What Service Personnel want and need from SLA.

3: PAC conclusion: The lack of a minimum standard for Single Living Accommodation means the Department has no baseline against which to make investment decisions, or to demonstrate progress towards establishing an estate fit for the 21st century.

3: PAC recommendation: The Department should set and publish a clear minimum standard for the condition of its Single Living Accommodation by the end of the year, taking account of best practice in civilian standards and wider thinking on sustainability.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2021

3.2 The department remains on track to meet the target implementation date. Options for the SLA minimum standard are currently under consideration ahead of its inclusion in the DAS.

4: PAC conclusion: The Department's lamentable failure to implement a Single Living Accommodation Management Information System (SLAMIS) over the past eight years means it is unable to manage its Single Living Accommodation efficiently.

4: PAC recommendation: The Department should report back to the committee in six months on progress with delivering the SLAMIS system, including to confirm when in 2022 it will be fully operational.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2021

4.2 Full Operating Capability remains on track for December 2022 subject to successful approval of the Full Business Case. SLAMIS pilots are underway and detailed programming for the roll-out of SLAMIS continues through engagement with the single Services, the details for implementation across Defence will be refined following approval of the Full Business Case, which is currently with the MOD Approving Authority for sign off.

5: PAC conclusion: Management of Single Living Accommodation has long suffered from a lack of coordination, ownership and strategic grip.

5: PAC recommendation: The Department should review and simplify the governance structures for Single Living Accommodation, including clarifying overall responsibility, and ensuring that those making decisions have the necessary capability and capacity.

5.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

5.2 This recommendation has been implemented. SLA workstreams are now monitored through the existing Performance and Risk Review process, with the Chief of Defence People as senior sponsor, to ensure coherence across policy and delivery as well as regular scrutiny of investment plans and key performance indicators.

6: PAC conclusion: We are concerned that, although Commands have plans to improve Single Living Accommodation, this will only address the worst problems, and available funding may be used to meet other demands.

6: PAC recommendation: In the light of the publication of the Integrated Review, the Department should reassess its plans and the funding needed to improve Single Living Accommodation, taking account of the promised minimum standard, and focusing on making as much money available as soon as possible to start addressing years of underinvestment.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2022

6.2 The department is committed to reviewing plans as detailed in the Treasury Minute dated 11 June 2021. It is important to note that investment into SLA remains a delegated matter for the single Services. The department sets policy and standards but does not centrally ringfence funding for accommodation so that it can continue to ensure resources are appropriately balanced across all its priorities and that Top-Level Budget holders are empowered to make appropriate funding decisions.

6.3 However, the need to invest in SLA is recognised and Top-Level Budget holders have already prioritised significant investment into SLA improvement plans over the next decade. Through Annual Budgeting Cycle 2021, SLA investment plans have been updated in line with deliverability considerations and wider Defence investment decisions, including those required by the Integrated Review.

6.4 The department will continue to annually review plans to ensure they remain flexible and able to cope with changes to the minimum standard for SLA and the DAS as both mature. The next review will be in Annual Budgeting Cycle 2022.

Fifty-Fifth Report of Session 2019–21

HM Treasury and HM Revenue and Customs

Environmental Tax Measures

Introduction from the Committee

The government has ambitious environmental objectives. The UK is legally committed to bringing all greenhouse gas emissions to net zero by 2050, and the government's overall ambition is to leave the natural environment in a better state. Tax measures are an important tool in implementing environmental policy. Taxes can be levied on goods or services which harm the environment and thus incentivise businesses and people to change their behaviour. Tax reliefs can also encourage taxpayers to use environmentally friendly products or services. Tax measures can be used alongside other policy tools such as regulation to achieve environmental objectives.

Ministers decide on whether to use tax measures to support environmental goals. Where measures are used, HM Treasury and HM Revenue & Customs (the exchequer departments) are responsible for designing the measures to achieve objectives set by ministers, and for monitoring and evaluating their impact. HM Treasury is responsible for the strategic oversight of the tax system and HM Revenue & Customs ("HMRC") is responsible for administering the system.

HM Treasury and HMRC administer four taxes with explicit environmental objectives (referred to as environmental taxes throughout this report). Two are taxes on energy. The Climate Change Levy is paid by businesses and public sector organisations on consumption of energy through their energy suppliers. The Carbon Price Support is paid by electricity generators on the fossil fuels they use. The other two tax the disposal of waste at landfill sites (Landfill Tax) and the extraction of rock, sand and gravel (Aggregates Levy). These four taxes raised £3 billion in 2019–20. Other taxes, such as fuel duty (£28 billion in 2019– 20), have an impact on government's environmental objectives but do not have specific environmental objectives.

Relevant reports

- NAO report: Environmental Tax Measures – Session 2019-21 (HC 1203)
- PAC report: Environmental Tax Measures – Session 2019-21 (HC 937)
- Treasury Minutes June 2021 (CP 456)

Update to the Government responses to the Committee

Following the government's last response to the Committee on this report: (CP 456) four recommendations below remained work in progress, two of which are now implemented.

1: PAC conclusion: HM Treasury has yet to set out how the tax system can help government achieve the UK's net zero target.

1a: PAC recommendation: HM Treasury should aim to become an exemplar finance department in supporting government's environmental goals like net zero;

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.1 HM Treasury continues to play an active role in supporting the government's environmental goals, including supporting the delivery of the legally-binding net zero commitment.

1.2 Work on the government's overall Net Zero Strategy is led by the Department for Business, Energy and Industrial Strategy (BEIS), and the Strategy was published on 19 October. HM Treasury was closely involved in developing this, including by ensuring that spending programmes were considered and assessed within the context of the broader suite of policies and proposals set out in the Strategy, and that spending settlements were consistent with the government's climate targets.

1.3 The Net Zero Review was published by HM Treasury alongside the Net Zero Strategy. The review uses data to explore the key issues and trade offs as the UK decarbonises. It looks at the potential exposure of businesses and households to the transition to a net zero economy, to ensure that the government's approach can make the most of the opportunities the transition brings, and support households and businesses where needed.

1.4 Taxes fund public spending and in addition can be used to incentivise behaviour change, including change which supports the government's environmental objectives. For example, Landfill Tax has contributed to a 90% decrease in local authority waste being sent to landfill since 2000. Tax policy decisions are taken in the round at fiscal events and Ministers balance environmental objectives against other objectives, for example taking account of the impact on the cost of living. As stated in the Net Zero Review, if there is to be additional public spending, the government may need to consider changes to existing taxes and new sources of revenue throughout the transition to deliver net zero sustainably, and consistently with the government's fiscal principles.

1.5 The Net Zero Review also included an update on how climate considerations are being embedded within HM Treasury governance arrangements, guidance and processes. For example, HM Treasury has created a new Climate, Energy and Environment Directorate which will increase capacity on analysis and coordinate climate policy across HM Treasury. Further, HM Treasury is committed to continuing to build macroeconomic modelling capacity which will help understand the nature and scale of structural changes to the UK economy as a result of net zero. It is also important to further understand, where relevant, the carbon impacts of tax changes. The government incorporated a climate assessment in all relevant Tax Information and Impact Notes (TIINs) for measures at Budget and will continue to do so in future TIINs. HMRC is exploring options to further strengthen the analytical approach to monitoring, evaluating and quantifying the environmental impacts of tax measures, including their wider impacts.

1.6 The Net Zero Strategy has been informed by this analysis and HM Treasury continues to support cross-government efforts to set the UK on a path to achieving net zero.

1b: PAC recommendation: HM Treasury should by COP26 in November 2021, set out a clear vision of how it will work to help the UK achieve net zero.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.7 The government's Net Zero Strategy was published by BEIS on 19 October, which included details of how the UK can reach Net Zero. HM Treasury was closely involved in developing this and tax and spending decisions were taken in the context of this cross-government work.

1.8 Alongside this, the Treasury published the Net Zero Review, which looked at the key economic issues in the transition to a net zero economy, and provided an update on how climate considerations are being embedded within HM Treasury governance arrangements, guidance and processes (see paragraph 1.6 above)

3: PAC conclusion: We are concerned that immediate priorities have often outweighed action needed to support long-term environmental objectives.

3: PAC recommendation: HM Treasury should consider the pros and cons of publishing a roadmap that signals a clear trajectory to taxpayers for how tax measures will be deployed to contribute to net zero. It should write to the Committee to set out its thinking before the next Budget.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2021

3.2 The government's Net Zero Strategy sets out how a number of tax measures will support the journey to net zero. For example, the strategy sets out how the introduction of the Plastic Packaging Tax from April 2022 will support the resources and waste strategy by encouraging greater use of recycled plastic in plastic packaging, instead of new (virgin) plastic. It is estimated that this will lead to an increase in the use of recycled plastic by 40% in 2022-23, equal to carbon savings of nearly 200,000 tonnes of CO2 emissions.

3.3 In respect of resources and waste, the government will review aspects of the Landfill Tax in England and Northern Ireland in due course, which will ensure the tax continues to support the government's ambitious environmental objectives.

3.4 The government's Net Zero Strategy also set out that the government will look at options to expand carbon pricing in due course.

3.5 The Treasury's Net Zero Review Final Report examines the issue of the decline in revenues during the transition to net zero, noting the largest impacts of the transition on the public finances will stem from permanent changes to behaviour that feed through to the tax system. In the government's Ten Point Plan for a Green Industrial Revolution, the Prime Minister stated that as we move forward with the transition to net zero, we will need to ensure that the tax system encourages the uptake of electric vehicles and that revenue from motoring taxes keeps pace with this change.

3.6 The government will write to the Committee by the end of November on the pros and cons of setting out a longer term roadmap on tax and net zero. Decisions on whether to publish such a roadmap of course remain a matter for Ministers.

5: PAC conclusion: HMRC has not done enough to evaluate how tax measures with environmental objectives have changed behaviour.

5: PAC recommendation: HMRC should ensure that it has sufficient information to assess whether environmental taxes are achieving their objectives and whether they are having wider impacts, including unwanted behaviour change.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2021

5.1 HM Revenue & Customs (HMRC) have announced their intention to publish an HMRC Evaluation Framework before the end of this year and are on track to do so.

5.2 HMRC is exploring options to obtain external expertise to build a robust analytical approach to monitoring, evaluating and quantifying the environmental impacts of tax measures, including whether they are having wider impacts, including unwanted behaviour change.

5.3 HMRC are improving some of their models to show the impact of tax measures on atmospheric emissions.

5.4 HMRC have updated their guidance on completing Tax Information and Impact Notes, to include more information on the environmental impacts for new or changed tax policies. In addition HMT and HMRC have updated the tax reliefs framework tool, which prompts policy officials to consider environmental impacts when designing or reforming tax reliefs.

5.5 When deciding which taxes or reliefs to focus on, when evaluating impacts, HMRC must consider whether it is practical and/or cost-effective to assess the environmental impacts, to ensure value for money for the taxpayer.

5.6 Decisions on publication of evaluation and monitoring information are a matter for Ministers.

Fifty-Sixth Report of Session 2019–21

Department for Business, Energy and Industrial Strategy

Industrial Strategy Challenge Fund

Introduction from the Committee

Announced in November 2016, and started in April 2017, the Industrial Strategy Challenge Fund (the Fund) is a relatively new approach to promoting innovation, placing its emphasis on working with industry to identify issues, known as challenges, where public funding can make a difference to innovation. The Fund has supported the 2017 Industrial Strategy's aim to raise long-term productivity and living standards and address some of the complex issues the UK faces through supporting four 'grand challenges' set out in the strategy - future mobility; clean growth; artificial intelligence and data; and the ageing society. The Fund invites businesses, universities and other bodies to submit ideas for new 'challenges', linked to the four grand challenges and, if approved, to submit bids for funding for projects that will address those challenges. When inviting bids the Fund encourages businesses and academia to work together, with the intention of encouraging stronger links between the two sectors and fostering innovation. The Fund has a budget of £3 billion earmarked for the period 2017–18 to 2024–25.

UK Research and Innovation (UKRI), established in 2018, is responsible for managing the Fund. It reports to the Department for Business, Energy & Industrial Strategy (the Department), which scrutinises the affordability of challenge-related proposals and approves spending. HM Treasury scrutinises and approves Fund business cases from a value for money perspective.

Relevant reports

- NAO report: management of the Industrial Strategy Challenge Fund – Session 2019-21 (HC 1130)
- PAC report: Industrial Strategy Challenge Fund – Session 2019-21 (HC 941)
- Treasury Minute: June 2021 Treasury Minute – Session 2019-21 (CP 456)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 456 above), five recommendations below remained work in progress, two of which are now implemented.

1: PAC conclusion: UKRI's Challenge Fund is insufficiently focused on what it is expected to deliver in terms of benefit to the UK.

1: PAC recommendation: UKRI, working with the Department, should clearly set out, by October 2021, what it expects the Fund to deliver. This should include its impact on jobs and economic impact in the short, medium and long term.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2021

1.2 The Department for Business, Energy & Industrial Strategy (the department) and UK Research and Innovation (UKRI) recognise that demonstration of outcomes and impact are the critical success factors for both individual Challenges and the Industrial Strategy Challenge Fund (the Fund) as a whole. Challenge level objectives are agreed within individual

Challenge business cases and supported by plans setting out when outcomes and impacts are expected to be realised.

1.3 Demonstration of Challenge and Fund impact is also supported by robust, independent evaluation activities which are in place for each of the individual Challenges and the Fund as a whole. Emerging signs of success are starting to be evidenced through interim evaluation reports for those challenges that are later in their delivery lifecycle.

1.4 UKRI is reviewing the future of challenge-based funding following the Spending Review 2020, taking account of the lessons learnt from the National Audit Office's (NAO) review of the Fund in preparation for Spending Review 2021. UKRI is on schedule to produce an amalgamated view of the impact expected to be achieved across the Fund by the end of October 2021, which will fully address this recommendation.

2: PAC conclusion: We are not convinced that UKRI's and the Department's approach to intellectual property generated by the Fund adequately protects taxpayers' interests.

2: PAC recommendation: UKRI should re-examine its current approach of not holding a claim on intellectual property generated through the Fund. It should write to the Committee by July 2021 setting out the results of its review and explain how it intends to best protect the taxpayers' interests and maximise the value from taxpayer investment in the future.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The government with UKRI have reviewed the current approach to intellectual property (IP) and considered the issues raised in the Committee's report. The full correspondence can be found on the Committee's website.

2.3 More broadly, the government recognises the value and importance of Intellectual Property in the wider economy and the public sector itself. In April 2021, the government published The Mackintosh Report which set out the government's plans to get better value from public sector knowledge assets along with new draft guidance for public sector organisations on how to identify, manage and derive maximum value from public sector knowledge assets (intellectual property, research and development (R&D), data and know-how). This built on the recommendations of a 2018 report, which found that public sector knowledge assets were under-valued and that limited support existed to better utilise these assets.

4: PAC conclusion: Despite its focus on collaboration between companies of different sizes, the proportion of smaller companies benefiting from the Fund has declined.

4: PAC recommendation: UKRI should, by October 2021, set out how it will increase SMEs involvement in the next wave of support from the Fund.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 UKRI is committed to increasing engagement with small and medium sized enterprises (SMEs) within the research and innovation system. The NAO report notes the Fund has had success in attracting small business involvement (small and micro companies accounted for over 40% of project awards in Waves 1 and 2). Challenges have worked hard to build networks and reach out beyond the 'usual suspects'. For example, 73% of non-academic organisations funded by the Next Generation Services Challenge have not previously participated in a UKRI-funded project.

4.3 High levels of co-investment, with public and private sector funders working in partnership, have helped increase the overall investment, allowing projects to be funded that would otherwise have not happened. However, such a strong emphasis on co-investment targets may have led to a portfolio with a lower risk appetite than first envisaged, and a larger role for established industries which are more able to evidence match funding as part of the challenge commitments. It should though be recognised that large companies are also important for generating critical mass in resilient national supply chains.

4.4 This may help explain why the Fund had a slightly lower level of SME involvement in Wave 3, when emphasis was on increased match funding. Although the NAO report made clear, it has not been possible to establish whether there is a causal link between the two.

4.5 Lessons from the approach to SME engagement across the current Challenges are informing the design of future Challenge-led delivery. This will consider the appropriate balance between risk and scale, including a more flexible approach to co-investment requirements for SMEs and emerging industries.

4.6 The department will write to the Committee by the end of October 2021 outlining these learnings and how these will be embedded into future Challenge-based funding.

5: PAC conclusion: UKRI is not doing enough to make sure the Fund is attracting successful bids from across the country.

5: PAC recommendation: The Department and UKRI should, by October 2021, set out: the factors that are inhibiting more widespread participation in the Fund; and the steps they are taking to attract more interest in the Fund from across the UK.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2021

5.2 The department and UKRI recognise that all R&D funding has a key role to play in the levelling-up agenda. As outlined in The Queen's Speech 2021, levelling up opportunities across all parts of the UK is a key government agenda. This is supported by UKRI through its mission to build a research and innovation system in the UK, to which everyone can contribute and from which everyone can benefit.

5.3 The Fund has made significant investments across the whole UK. The NAO report cites investment in all four nations of the UK.

Scotland £128.5 million
Northern Ireland £16.2 million
Wales £87.5 million
England £1640.9 million

5.4 Data to assess regional investment have been collected throughout the lifecycle of the Fund with continued improvements made to the monitoring and evaluation of regional impacts.

As this data set matures, officials in the department will continue to work with UKRI to investigate the drivers behind regional disparity of the ISCF funding distribution to date and will seek to improve participation across all parts of the UK for future Challenge-led funding.

5.5 A detailed strategy for levelling up through research and innovation will be set out as part of the government's forthcoming Levelling Up White Paper.

6: PAC conclusion: The elongated time taken by the Department and UKRI to provide funding to successful bidder's risks putting off businesses from applying for the programme.

6: PAC recommendation: The Department, HM Treasury and UKRI should set out by October 2021 how they intend to speed up the time taken to approve challenges and projects.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2021

6.2 The government recognises the impact that an elongated approvals process can have on the participants to Challenges. A key consideration in the design of the delivery model for future challenges will be to consider a more streamlined approach to selecting and approving Challenges, with a simpler governance structure, while still conforming to Green Book requirements.

6.3 There are established improvement programmes already underway within UKRI to improve business operations and customer experience. These include initiatives seeking to improve the project application and approval processes as well as enhancing the experience of businesses who bid for and receive funding. The department will write to the Committee by the end of October 2021 to set out the plans to improve the speed of future challenge funding approvals and update the Committee on progress in relation to project approval improvements.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2021-22

Updates on reports with outstanding recommendations

Reports completed

#	Report Title
2	BBC strategic financial management (responding directly to the Committee)

First Report of Session 2021-22

Department for Transport and the Department for Business, Energy & Industrial Strategy

Low Emission Cars

Introduction from the Committee

Transport is the UK's largest source of carbon emissions, with road transport being a substantial contributor. The government is trying to increase the number of ultra-low emission and zero-emission cars on the road as a way of reducing carbon emissions. Up to March 2020, it had spent £1.1 billion on a range of consumer grant schemes and an awareness campaign to encourage people to make the switch. This aim is not new; previous governments have been promoting ultra-low emission cars since 2011, with the Departments for Transport and for Business, Energy & Industrial Strategy creating a team called the Office for Zero Emission Vehicles to support the transition. In November 2020, government announced its ambition to stop the sale of new cars that are powered solely by petrol or diesel by 2030. From 2035, only new zero-emission cars can be sold.

Relevant reports

- NAO report: Reducing Carbon Emissions from Cars – Session 2019-21 (HC 1204)
- PAC report: Low Emission Cars – Session 2021-22 (HC 186)
- Treasury Minute: August 2021 (CP 510)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 510 above), five recommendations below remained work in progress.

1: PAC conclusion: The Departments for Transport and for Business, Energy & Industrial Strategy have not yet published a clear plan for delivering the Government's ambition for the expansion of zero-emission cars.

1: PAC recommendation: Departments for Transport and for Business, Energy & Industrial Strategy should set out their plans for managing the complex transition to electric cars and ensure that progress can be monitored against it. They should then regularly report on progress being made towards the 2030 target to phase out new petrol and diesel cars and the associated impact on reducing carbon emissions. As well as tracking the take-up of these vehicles, the Departments should regularly report progress against a range of metrics covering, for example:

- ***the relative affordability of zero-emission vehicles compared to their petrol or diesel equivalents (comparing upfront costs and then running costs);***
- ***the sales of ultra-low emission vehicles in the second-hand car market as a proportion of overall second-hand sales;***
- ***the accessibility of charging infrastructure in each region/local authority area; and,***
- ***the overall impact on carbon emissions from the UK car fleet.***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: November 2021
Original target implementation date: Autumn 2021

1.2 The Department for Transport (DfT) will continue to monitor progress against its 2035 Delivery Plan published on 14 July 2021 and report publicly on the key performance indicators on a regular basis.

1.3 The DfT also intends to publish an EV infrastructure strategy before the end of 2021, setting out the vision and actions to support the charging infrastructure roll out needed to achieve the 2030 and 2035 goals successfully and accelerate the transition to a zero emission fleet.

1.4 The DfT published a Green Paper on a New Road Vehicle CO2 Emissions Regulatory Framework for the United Kingdom in July 2021. The Green Paper sought views on two possible regulatory frameworks that could be deployed in order to transition to 100% ZEV sales. On the 19 October 2021, the Net Zero Strategy announced that the government will introduce a zero emission vehicle mandate, setting targets for a percentage of manufacturers' new car and van sales to be zero emission each year from 2024. This will deliver on the 2030 commitment to end the sale of new petrol and diesel cars, and 2035 commitment that all cars must be fully zero emissions capable.

2: PAC conclusion: There are a wide range of consumer-facing issues that still need to be addressed to increase the uptake of zero-emission cars.

2: PAC recommendation: The Departments for Transport and for Business, Energy & Industrial Strategy need to have a sufficient understanding of how changes to the vehicle market are impacting, and going to impact, different types of consumers in different parts of the country. Their plan for expanding the number of zero-emission cars on our roads needs to clearly set out how they propose to tackle emerging consumer issues.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: November 2021
Original target implementation date: Autumn 2021

2.2 The DfT published its 2035 Delivery Plan setting out key commitments, funding and milestones to help achieve the transition, and is intending to publish its EV infrastructure strategy before the end of 2021 to set out the vision and action plan for charging infrastructure roll out.

2.3 Alongside these in November, the government will publish its response to its consultation on measures to improve the consumer experience when using public chargepoints. The government will introduce legislation early in the new year which will increase drivers' confidence in the charging network and reduce range anxiety through simplifying payment methods, mandating minimum levels of reliability and making chargepoint data freely available, helping drivers easily locate and access available changepoints.

2.4 The government has committed to amend building regulations to include changepoints in new houses with designated parking spaces in its Road to Zero Strategy. A response to the consultation on chargepoint provision in residential and non-residential buildings is to be imminently published and will detail measures to ensure new buildings are ready for the future. The government plans to lay legislation, reflecting this consultation response, by the end of 2021 to set out chargepoint requirements for new homes and non-residential properties.

2.5 Following the publication of the smart charging consultation response on 14 July 2021, the government will lay regulations in Autumn 2021 requiring all new private chargepoints to meet minimum technical standards and smart charge by default. Smart charging technology helps to manage increased demand on the network and can benefit consumers with cheaper electricity.

2.6 The DfT and the Department for Business, Energy and Industrial Strategy (BEIS) will continue to work closely with a range of bodies representing consumers and continue to monitor consumer issues and needs as it moves from the early market to the mass market for zero emission vehicles.

3: PAC conclusion: We are not convinced that government has sufficiently thought through how the charging infrastructure will expand at the pace required to meet the ambitious timetable to phase out petrol and diesel vehicles.

3: PAC recommendation: The Department for Transport should set out as part of its plan for increasing the use of electric cars, how it intends to address the remaining barriers to expanding the charging network, for example, the availability of chargers where drivers do not have off-street parking.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: November 2021
Original target implementation date: Autumn 2021

3.2 The DfT's EV infrastructure strategy publication before the end of 2021 will set out the vision and action plan for market-led charging infrastructure roll out needed to achieve the 2030 and 2035 phase out dates and to accelerate the transition to a zero emission fleet. The Strategy also focuses on the importance of accelerating the roll-out of on-street charging and how it expects local authorities to facilitate this.

3.3 The DfT and BEIS are considering how all the elements of the government's infrastructure support package remain focused on areas of the market least able to draw in private investment (including certain types of charging points and location as well as geographical areas).

3.4 The DfT's On-street Residential Chargepoint Scheme has already supported forty-nine different local authorities to install over 1,400 chargepoints and a further eighty-eight have been awarded grant funding to provide more than 3,200 on-street public chargepoints. The Office for Zero Emission Vehicles continues to work closely with local authorities to encourage uptake of this funding and increase the provision of chargers for those without access to dedicated off-street parking.

4: PAC conclusion: The Departments have not yet demonstrated how they are going to encourage industry to maintain proper environmental and social standards throughout their supply and recycling chains as the zero-emission car market grows.

4: PAC recommendation: ***The Departments for Transport and for Business, Energy & Industrial Strategy should set out their approach to encouraging car manufacturers to maintain proper environmental and social standards throughout their supply and recycling chains as zero-emission cars volumes grow. This includes as examples:***

- ***publishing information on lifecycle emissions;***
- ***details of relevant reporting standards for manufacturers on environmental and social stewardship; and,***
- ***future plans to develop the reporting standards.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2022

4.2 The government takes seriously concerns about the social, environmental and supply impacts of the mining of raw materials for EV batteries. In the 2035 Delivery Plan the Department for Environment, Food & Rural Affairs (DEFRA) committed to publishing a consultation on domestic batteries legislation to ensure there is an appropriate legal framework governing the increasing numbers of EV batteries. That is now scheduled to issue in the first half of 2022.

4.3 The Faraday Institution, funded by government, continues to participate in the Global Battery Alliance which seeks to address the human, health and environmental challenges of batteries. The Alliance is progressing with developing a Battery Passport, a digital log of all the information relating to a 'sustainable' battery, such as environmental, social, governance and lifecycle requirements, which enables lifelong traceability, which is on track to launch at the end of 2022.

5: PAC conclusion: There are other issues to be addressed in the transition to zero-emission cars, such as the need to train and retrain the workforce required to service the new car fleet, the impact on the demand for power, and the tax implications from phasing out new petrol and diesel cars.

5: PAC recommendation: The Departments for Transport and for Business, Energy & Industrial Strategy need to work with other departments to consider the practical implications of the transition to zero-emission cars. They should set out in their plan how they are going to manage the wider societal impacts of phasing out new diesel and petrol cars, for example, retraining the UK workforce, the impact on power generation and transmission, and implications for the UK tax take.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

5.2 The DfT and BEIS are continuing to work with the Institute of the Motor Industry to ensure the UK's workforce of mechanics are well trained and have the skills they need to repair EVs safely. The automotive sector is also participating in the government's Emerging Skills Project and the Green Jobs Taskforce, which is developing a long-term plan that sets out the skills needed to help deliver a net zero carbon economy. Responding to this recommendation is ongoing.

5.3 The Distribution Network Operators are continuing to develop their business plans to present to Ofgem for funding under the next Revenue = Incentives + Innovation + Outputs (RIIO) price control period, which begins in spring 2023. Draft business plans were submitted in July and final business plans will be approved by the end of 2021. This will put in place a robust process for bringing forward grid upgrades to meet demand. Smart EV charging and other smart technologies will also reduce the need for new infrastructure.

Third Report of Session 2021-22

Department for Education

COVID-19: Support for children's education

Introduction from the Committee

In March 2020, there were almost 21,600 state schools in England, educating 8.2 million pupils aged four to 19. The Department is responsible for the school system and is ultimately accountable for securing value for money from the funding provided for schools.

On 18 March 2020, the government announced that, to help limit transmission of the COVID-19 virus, from 23 March schools would close to all pupils except vulnerable children and children of critical workers. Education for most children would therefore take place remotely at home. While schools partially re-opened in June, most children did not return to school until the start of the new school year in September.

Relevant reports

- NAO report: Support for children's education during the early stages of the COVID-19 pandemic – Session 2019-21 (HC 1239)
- PAC report: COVID-19: Support for children's education – Session 2021-22 (HC 240)
- Treasury Minute: August 2021 (CP 510)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 510 above), five recommendations below remained work in progress, four of which are now implemented.

1: PAC conclusion: The Department seems surprisingly resistant to the idea of conducting a proper lessons-learned exercise on its early response to the pandemic.

1: PAC recommendation: ***The Department should carry out a systematic lessons-learned exercise, to evaluate its response to the pandemic and identify departmental specific lessons. It should then write to us, setting out its main findings.***

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Education's (DfE or the department) approach will be to take forward the Committee's recommendation in a way that is consistent and collaborative with other pieces of work across government to look at lessons learnt.

1.3 As the response to the COVID-19 pandemic has been delivered collectively, the department intends to carry out lessons learned looking across the whole piece and will continue to engage with the Cabinet Office to ensure the department is appropriately involved in any cross-government activity that takes place.

1.4 As part of COVID-19 planning across the department, different projects and policy areas continue to strengthen operational delivery. Lessons learned and building back stronger remain central to decision making.

1.5 The department will continue to analyse its response to COVID-19, developing activities that put the department in a strong position to support children and learners to thrive as well as preparing to respond to future challenges that the department may face.

2: PAC conclusion: Only a small minority of vulnerable children attended school in the early stages of the pandemic, increasing the risk of hidden harm.

2: PAC recommendation: The Department should work with the Association of Directors of Children's Services to understand why the number of referrals to children's social care services remains below expected levels, and take action in light of the findings to make sure children are being effectively safeguarded.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: January 2022

2.2 The department continues to work with the Association of Directors of Children's Services (ADCS) and local authorities (LAs) to collect, interpret and report data on referrals to children's social care during the pandemic.

2.3 The latest data in the vulnerable children and young people survey suggest that overall referrals since the pandemic began remains around 10% below expected levels. The survey includes data on sources of referrals to enable tracking of referrals from partners (such as schools or police) against expected numbers. In addition, the survey includes qualitative insights into how some LAs are working differently with local partners to safeguard vulnerable children in their local area during this time.

2.4 While the department continues to interrogate the data on referrals it is already supporting LAs to ensure children are effectively safeguarded.

2.5 The children's social care recovery fund will provide up to £24 million for nine regional plans to fund proven solutions to challenges local authorities face in delivering effective children's social care services following COVID-19.

2.6 Additionally, the department intervenes in all LAs that are rated inadequate for children's social care services and supports improvement in those where performance is declining.

3: PAC conclusion: The disruption to schooling had a particularly detrimental impact on children with special educational needs and disabilities, in terms of both their education and their health.

3: PAC recommendation: The department should work with the Department of Health and Social Care to identify the specific actions needed to help children with SEND recover from the damage caused during the pandemic.

3.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 As part of the department's 2020-21 recovery plan, the department has worked closely with the Department for Health and Social Care (DHSC), NHS England, the Royal Colleges and partner organisations across education and health to establish what impact the pandemic has had on access to therapies. A short-term collective objective was agreed and guidance on delivery of specialist 1:1 and group interventions for children and young people in education settings was issued in September 2021. This guidance aims to address any misconceptions around what should be delivered and to provide clarity on therapy delivery.

3.3 In November 2020, DHSC announced £500 million for mental health and the NHS workforce. As part of that, £31 million will be used to address challenges faced by individuals with a learning disability and autistic people, including £3 million for community respite services for autistic children and young people, and children and young people with a learning disability.

3.4 DHSC is also investing an additional £79 million to boost children and young people's mental health support, which will help to increase the number of mental health support teams in schools and colleges to cover around 35% of pupils in England by 2023. This is helping to meet longer-term commitments in the department's joint green paper delivery programme with DHSC and NHS England, which also includes incentivising all schools and colleges to identify and train a senior mental health lead.

5: PAC conclusion: The Department has not set out how it will judge the effectiveness of the catch-up programme in making up for the learning children lost as a result of the disruption to schooling.

5: PAC recommendation: Alongside its Treasury Minute response, the Department should write to us, setting out clear metrics that it will use to monitor the catch-up learning programme, and what level of performance would represent success.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department's Permanent Secretary wrote to the Chair of the Committee on 1 August 2021 setting out the metrics the department would use to monitor education recovery.

5.3 The government's education recovery strategy aims to reduce year-on-year lost learning due to the COVID-19 pandemic. The department commissioned Renaissance Learning and the Education Policy Institute to provide an assessment of the learning loss and catch-up needs for pupils in schools in England and to monitor progress in the 2020-21 academic year[3]; and is seeking commercial agreements for further academic years. The department will continue to estimate the level of learning loss on a termly basis.

5.4 The department will monitor overall effectiveness of education recovery through monitoring learners' progress, including for specific groups of learners, and will track and evaluate specific interventions.

5.5 The department will also use statutory assessment results from academic year 2021-22 onwards to monitor the progress pupils are making, Learning loss and recovery programme evaluation, however, will be the measurements the department uses to track progress.

5.6 The department has commissioned intervention specific evaluations, such as the National Tutoring Programme, and has commissioned Ipsos MORI, in consortium with Sheffield Hallam University and the Centre for Education and Youth to undertake a mixed-methods study design (including surveys, interviews, and case studies) to examine how schools are tackling the issue of lost learning. The department will collate this evidence to assess the performance of the overall programme.

[3] Understanding progress in the 2020 to 2021 academic year (publishing.service.gov.uk)

6: PAC conclusion: The success of the National Tutoring Programme will depend on the quality of provision and whether it reaches the disadvantaged children who need it most.

6: PAC recommendation: The Department should set out how it intends to gain assurance on the quantity and quality of tutoring and mentoring provided under the National Tutoring Programme. Its response should cover in particular how it intends to ensure there is adequate tutoring and mentoring provision in areas of the country where educational attainment is lower.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department is increasing access to high-quality tuition which evidence suggests can result in an additional two months of progress for recipients.

6.3 The department is expanding the National Tutoring Programme (NTP) in the 2021-22 academic year. The second year aims to support up to 2 million pupils, with increased access to tuition partners, academic mentors and new school-led tuition.

6.4 The NTP will vastly expand the reach of tutoring and is expected to deliver 90 million hours of tuition across the country over the next three years to pupils who need help catching up. Academic mentors will provide the most deprived schools in disadvantaged areas with the support they need to deliver intensive tutoring.

6.5 The department is monitoring take up and feedback to ensure the programme is meeting the needs of schools and pupils. An independent evaluation will assess the impact of the NTP, including at regional level, in the 2021-22 academic year. The findings and the evaluations delivered by Education Endowment Foundation (EEF) and Teach First from the first year of the NTP will be considered as part of ongoing delivery and policy development.

6.6 Quality of tuition remains at the very core of NTP for 2021-22. The provider is responsible for appointing tuition partners and academic mentors according to rigorous quality criteria. The department will hold the provider to account for maintaining the quality of the tutoring through regular reporting and monitoring.

Fourth Report of Session 2021-22

Ministry of Housing, Communities and Local Government

COVID-19: Local government finance

Introduction from the Committee

Local authorities in England have played a vital role during the COVID-19 pandemic: paying grants to businesses, providing support to vulnerable people who are shielding, setting up community testing facilities and taking on the most challenging contact tracing, all the while keeping existing services running. Authorities have achieved this while dealing with the impact of the pandemic on their finances, which were already under strain going into the pandemic.

The Ministry of Housing, Communities & Local Government (the department) is responsible for working across government to support HM Treasury to make major decisions about local government funding. The department plays a significant role in distributing that funding. The department is also responsible for the accountability system that assures Parliament about how local authorities use their resources, including preventing and responding to financial and service failure.

The department acted quickly to support local authority finances early in the pandemic, announcing un-ringfenced grants for local authorities of £1.6 billion on 19 March 2020 and £1.6 billion on 18 April 2020. It supported local authority cash flow through measures totalling nearly £6.85 billion in the same months. In total, by early December 2020, the department had provided £4.55 billion in un-ringfenced grants to support local authorities' response to the pandemic, as part of £9.1 billion in COVID-19 funding for local authorities from government announced by that point.

Relevant reports

- NAO report: Local government finance in the pandemic – Session 2019-21 (HC 1240)
- PAC report: COVID-19: Local government finance – Session 2021-22 (HC 239)
- Treasury Minute: August 2021 (CP 510)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 510 above), eleven recommendations below remained work in progress.

1: PAC conclusion: The Department was not sufficiently prepared for the local government finance implications of a severe emergency.

1: PAC recommendation: The Department should capture learning from the pandemic and write to us by the end of 2021 setting out how it will use this to prepare a flexible framework for responding quickly to the implications of severe national emergencies for local government.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2021

1.2 In line with previous commitments, the Department for Levelling Up, Housing and Communities (DLUHC) (formerly the Ministry for Housing Communities and Local Government) is capturing learning on finance and the pandemic and will update the Committee by the end of 2021. This will include a consideration of which policy levers may be appropriate to consider as part of a flexible framework for use in future financial emergencies. This learning will build on the development of the monitoring and engagement framework built early on in the pandemic, and the comprehensive package of measures later rolled out. These measures included funding for expenditure costs and support for tax and sales fees losses.

2: PAC conclusion: The pandemic has exposed limitations in the data that the Department normally collects from local authorities, meaning it has not had a proper picture of local financial resilience.

2a: PAC recommendation: The Department should draw on the experience of collecting data during the COVID-19 pandemic to improve its regular collections of local government financial data. In particular, it should write to us by October 2021, setting out:

i) what, if any, changes it plans to make to its regular collections based on its experience of data collection and use in the pandemic; and…

2.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2021

2.2 The department is carrying out a six-month review of pre-existing local government finance data collections. This review is covering local authority revenue, capital and borrowing statistics.

2.3 Since the review launch in summer 2021, the review team have engaged with a range of stakeholders from across central government, local government and other organisations. The review team has identified how well data needs are currently being met.

2.4 The team will present interim findings and initial recommendations to the review's steering group in mid-October. This discussion will cover improvements to data timeliness and data frequency, and lessons learned from the monthly covid monitoring information. The steering group is comprised of stakeholders from across the department, HM Treasury, the Office for National Statistics, the Office for Budget Responsibility, the Local Government Association and local authorities.

2.5 Following feedback from the steering group, recommendations will be finalised and a timeline for implementation will be confirmed.

2b: PAC recommendation: The Department should draw on the experience of collecting data during the COVID-19 pandemic to improve its regular collections of local government financial data. In particular, it should write to us by October 2021, setting out:

ii) how it plans, in consultation with the sector, to improve the usefulness of its data on local authority reserves specifically.

2.6 The government agrees with the Committee's recommendation.

Target implementation date: October 2021

2.7 Further to previous updates, the department has consulted with the finance subgroup of the Central Local Information Partnership on intended changes to make to the Local Authority Revenue Expenditure and Financing collections.

2.8 The proposed changes would require more detailed information from local authorities on the different types of earmarked reserves that they hold. This work is progressing and changes are expected to be finalised before the end of the year, in time for the 2021-22 revenue outturn and revenue account returns.

2c: PAC recommendation: The Department needs to examine its arrangements, and make changes as necessary, for oversight of financial risk in the sector and ensure that lessons from the financial issues at Croydon Council have been learned. The Department should set out its response when it writes to us by October 2021.

2.9 The government agrees with the Committee's recommendation.

Target implementation date: October 2021

2.10 While local authorities remain independent from central government, the department continues to consider how it engages with local authorities at risk of experiencing financial, governance or service delivery challenges. The department will write to the Committee in October.

3: PAC conclusion: Government support schemes during the pandemic were not always designed with sufficient knowledge of local government finance or input from the sector.

3: PAC recommendation: HM Treasury, the Department for Education, the Department of Health & Social Care, the Department for Business, Energy & Industrial Strategy, the Department for Environment, Food & Rural Affairs, and the Department for Digital, Culture, Media & Sport, in co-operation with the Department, should write to us by October 2021 setting how they will improve, and then maintain, their understanding of the operational realities of local government finance and the financial pressures authorities face.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2021

3.2 In response to the Committee's recommendation, the department is co-ordinating the cross-government response and will write to the Committee in October. The department is engaging with the other departments named to understand their existing engagement with local government, as well as what can be done collectively to further improve understanding of the operational realities of and financial pressures on local government. The department has continued to engage with local government extensively, including in the development of the Spending Review bid and through the New Burdens process.

4: PAC conclusion: The Department has not fulfilled previous assurances that it will be transparent about financial risk in the sector by sharing information with the National Audit Office.

4: PAC recommendation: In discussion with the National Audit Office, within three months the Department should find a way to share information relevant to financial risk in the sector, including about individual local authorities, while indicating on what basis it can or cannot be shared further.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2021

4.2 The department has continued to engage with NAO about how to meet their needs in this regard, in line with their legitimate statutory interest and responsibilities in these matters.

5: PAC conclusion: The Department's over-optimism about the impact of the pandemic on local authorities' risk leading to reductions in services for local people.

5a: PAC recommendation: The Department, working with other government departments, should ensure that decision-making about actions to stabilise local government finance is informed by sufficient information about the service implications of current financial pressures.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2021

5.2 The department has continued to engage with other government departments throughout the pandemic on service specific pressures and additional asks placed on local authorities as part of their vital role in the pandemic response. The future of government spending will be set out in the Spending Review in the usual fashion.

5b: PAC recommendation: The Department and HM Treasury should ensure that their work for the next Spending Review includes full consideration of the longer-term effects of the pandemic on local government finance and the demands placed on local authorities.

5.3 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2021

5.4 The department has continued to use monitoring information from local authorities to inform work for the Spending Review, and in line with previous commitments will update further following the conclusion of the review.

6: PAC conclusion: The Department has yet to address the longstanding structural issues within local government finance.

6a: PAC recommendation: The Department should write to us by October 2021 setting out its plans to ensure that:

i) local government finance is reconsidered from first principles, reformed in a measured fashion working with the sector, and ultimately new arrangements put in place that are fit for purpose and built to last; and

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2021

6.2 In line with previous updates, the government will respond to this recommendation following conclusion of the Spending Review 2021. Future plans for local government funding will ensure the sector is appropriately funded and placed on a sustainable footing. Equally, the government will want to ensure that local government is able to play a vital role in levelling up.

6b: PAC recommendation: The Department should write to us by October 2021 setting out its plans to ensure that:

ii) a stable funding environment, ideally based on a multi-year settlement, is established as a bridging mechanism while more fundamental long-term reforms are designed.

6.3 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2021

6.4 In line with previous commitments, the Department's final approach to providing a stable funding environment which ensures local authorities can plan effectively will be informed by the upcoming Spending Review. The approach will follow full consideration of local government's spending needs.

6.5 The department will write to the Committee in due course following the conclusion of the 2021 Spending Review.

7: PAC conclusion: It is unacceptable that local authorities continue to face uncertainty about the level of financial support they can expect from government on top of the other pressures and uncertainty with which they are currently required to cope.

7: PAC recommendation: HM Treasury, working with the Department and other departments as necessary, should explore ways that the government can give local authorities more financial certainty as they develop their 2022–23 spending plans and write to us with conclusions by June 2021.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: end 2021

7.2 HM Treasury, DLUHC and other departments will continue to monitor the pressures that local authorities are facing as a result of the COVID-19 pandemic and recognise the importance of giving local authorities clarity on future resources to support effective financial planning, and have written to the Committee on this topic.

7.3 In line with previous updates, following the 2021 Spending Review, the department will provide further details of the proposed allocation of resources to each local authority through the provisional Local Government Finance Settlement (LGFS).

7.4 The LGFS will be timed to ensure that all local authorities are able to confirm their budgets ahead of the start of the 2022-23 financial year.

Fifth Report of Session 2021-22

Department for Digital, Culture, Media and Sport

COVID-19: Government Support for Charities

Introduction from the Committee

In April 2020, as part of its response to the COVID-19 pandemic, government announced a £750 million financial support package for organisations in the voluntary, community and social enterprise sector, targeted at those providing vital services to the vulnerable. Although government expected tens of thousands of charities to benefit, helping them meet increased demand for some services due to the pandemic, it did not intend to support or save every charity. The Department for Digital, Culture, Media & Sport (the department) was responsible for allocating £513 million of the total available funding, including funds distributed through itself, at least nine other government departments, three other public-sector organisations and 186 other partners. HM Treasury provided up to £200 million directly to the Department for Health & Social Care to purchase bed capacity in charitable hospices and at least £60 million was expected to be provided to the devolved nations.

The department allocated its £513 million across seven different schemes, which were rolled out between April and December 2020. Around £19 million of the £513 million was used to cover administration fees, leaving £494 million available to charities. By 7 April 2021, well over 90% of funds available had been paid out, with a further £14 million awarded to charities but not yet paid out to them. Across the seven schemes the department had allocated and paid out the following amounts:

1. the Coronavirus Community Support Fund (CCSF) via The National Lottery Community Fund (TNLCF) (£188 million paid out of £199 million allocated);
2. 21 sector-specific projects across nine government departments including the Home Office, Department for Education and the Ministry of Justice (£159 million paid out of £164 million);
3. the Community Match Challenge scheme (£82 million paid out of £85 million);
4. the National Emergencies Trust, BBC Children in Need, and Comic Relief to match donations raised through the BBC Big Night In fundraising event (£34 million paid out of £37 million);
5. the Youth COVID-19 Support Fund (£3 million paid out of £17 million);
6. the Loneliness Fund (£5 million paid out £8 million); and
7. the Voluntary and Community Sector Emergencies Partnership (£4 million paid out of £5 million).

Relevant reports

- NAO report: Investigation into government funding to charities during the COVID-19 pandemic Session 2019-21 (HC 1236)
- PAC report: COVID-19: Government Support for Charities Session 2019-21 (HC 250)
- Treasury Minute: August 2021 (CP 510)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 510 above), three recommendations remained work in progress, two of which are now implemented.

1: PAC conclusion: The Department has paid out over 90% of the funding it has available for charities but could not adequately explain how it had determined the total value of the package that was needed.

1: PAC recommendation: The Department should, within three months, set out the specific actions it is taking to monitor and understand the financial health and resilience of the charity sector, including how charities are making use of all applicable government pandemic support schemes.

1.1 The government agreed with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Digital, Culture, Media and Sport (the department) analyses a variety of sources of data and intelligence to understand the financial health and resilience of the charity sector.

1.3 The department's efforts to understand the sector over the course of the COVID-19 pandemic have highlighted an absence of robust, timely and sufficiently granular data to monitor the sector's health and resilience. The department is exploring a range of options to enhance the data and evidence base on the sector.

1.4 Estimating charitable uptake of government pandemic support schemes is complex: the work of charities cuts across the sectoral boundaries usually used to segment economic data. Throughout the pandemic, the department has liaised with stakeholders to agree a methodology for internal estimates. The department is working closely with stakeholders to explore how charitable reporting mechanisms and taxonomies can be improved.

1.5 The department wrote to the Chair of the Committee about the points above on 30 September 2021.

1.6 The Committee also recommended that the department set out the triggers that would prompt it to consider further government financial support to the charity sector. The department rejected this recommendation, as there is no data source that can provide a definitive trigger for taking a decision on further financial support. The need for support would be assessed based on a range of quantitative and qualitative sources. The department agreed to write setting out the range of evidence, data and intelligence that would be used. The department provided this information to the Chair of the Committee in its letter of 30 September 2021.

3: PAC conclusion: The Department cannot explain the additional benefit is has received from its contract with a professional services firm to perform due diligence on charity applications to The National Lottery Challenge Fund (TNLCF).

3: PAC recommendation: The Department should write to us within three months, setting out: how it judges the value for money of this contract and any lessons learned as to how and when it would apply a similar approach in future; and the fraud position across the package including how much money it has recovered.

3.1 The government agreed with the Committee's recommendation.

Recommendation implemented

3.2 The department set out, in the government's last response to the Committee on this report (CP 510 above), details of the department's approach in contracting

PricewaterhouseCoopers to provide expert grant management in order to deliver a financial support package for organisations in the voluntary, community and social enterprise sector. This contract has finished and PricewaterhouseCoopers have been judged to have met or exceeded the relevant performance metrics at all stages.

3.3 It is difficult to determine how and when a similar approach would be applied by the department in future, given the specific national and far-reaching challenges presented to government in dealing with the COVID-19 pandemic. In line with the Cabinet Office guidance on consultancy and professional services spend controls, the department will continue to ensure that any proposal to engage professional services is thoroughly assessed on a case by case basis through its internal assurance process, including approval by the Commercial Director and through the Cabinet Office controls process as appropriate.

3.4 Post-event assurance on the elements of the charities' financial support package within the department's oversight has been conducted under a contracted service, provided by BDO, based on a sample-testing approach to provide an estimated level of fraud and error. Action to investigate and act on potential fraud and error is continuing.

3.5 The department wrote to the Committee about the points above on 30 September 2021.

4: PAC conclusion: The Department cannot demonstrate how its funding decisions have benefited charities and will not be able to do so until it completes its evaluation of the funding at the end of 2021.

4: PAC recommendation: The Department should, within three months, write to us to explain the criteria it will use to assess the impact of the funding. It should, by the end of December 2021, write to us with the outcome of the evaluation, ensuring this exercise represents charities that did not receive funding as well as those that did.

4.1 The government agreed with the Committee's recommendation.

Target implementation date: February 2022

4.2 The department has commissioned evaluation of the £750 million support package. The aim of the evaluation is to understand the difference the funding has made to recipient organisations and, where possible and appropriate, the end beneficiaries of services and support provided by recipient organisations.

4.3 Full findings are due to be reported in February 2022. This represents a delay to the original timetable, due to unforeseen delays at the contract award stage, and in accessing sufficient data from across the funding streams. Early findings will be available in December 2021, however full and complete findings will need to follow in early 2022.

4.4 The evaluation will not directly compare the impact on those charities who did not receive this funding with the impact on charities who did receive funding. Due to the range of funding sources received by organisations, it would not be possible to isolate or attribute all impacts specifically to receiving, or not receiving, this funding. As set out above, the department analyses a variety of sources of data and intelligence to understand the financial health and resilience of the charity sector. This includes our continuing work to collate and monitor data to understand the immediate and ongoing impact of the COVID-19 pandemic.

4.5 Recent publications from the evaluation of the Coronavirus Community Support Fund (CCSF), published by The National Lottery Community Fund (TNCLF), have given insights into the impact of this significant part of the £750 million support package.

4.6 The process evaluation found that the CCSF represented an effective route to distributing emergency response funding. Most successful applicants were satisfied with the speed of award decisions, and commitment across government and positive working relationships between TNLCF and the department enabled the process to be delivered at pace.

4.7 The impact evaluation demonstrated the CCSF achieved its objectives to increase community support to vulnerable people affected by the COVID-19 crisis, with over 6.5 million beneficiaries supported and nearly all grantholders (95%) reporting their beneficiaries had experienced more than one positive outcome. Funding was also successful in reducing temporary closures, with 17% reporting that without CCSF they would have had to close or stop services altogether.

4.8 The value for money assessment provided exploratory analysis, cautiously concluding that the benefits of the CCSF programme exceeded the costs (cost-benefit analysis); the funding of the CCSF programme was economic and not excessive (assessment of economy); and that CCSF grants were used efficiently (assessment of efficiency).

4.9 The department wrote to the Committee about the points above on 30 September 2021.

Sixth Report of Session 2021–22

HM Treasury

Public Sector Pensions

Introduction from the Committee

Around 25% of pensioners and 16% of the working-age population are members of one of the four largest public service pension schemes (the armed forces, civil service, NHS and teachers' pension schemes). In 2019–20 the four schemes made pension payments of £33.5 billion—funded through around £8.2 billion of employee contributions and around £25.4 billion of taxpayer funding—with scheme members on average receiving around £10,000. HM Treasury has been concerned for some time about the rising cost of public service pensions to the taxpayer and it introduced reforms between 2011 and 2015 aimed at making them more sustainable and affordable. As a result of those reforms, the most recent forecasts show that costs are expected to fall over the long-term from 2.0% of GDP in 2019–20, to around 1.5% of GDP from 2064–65. In December 2018 the Court of Appeal ruled that parts of the reforms were unlawful (the 'McCloud judgment') – as the special protections offered to those closest to retirement were found to be discriminatory on the basis of age.

Relevant reports

- NAO report: Public Service Pensions – Session 2019-21 (HC 1242)
- PAC report: Public Sector Pensions – Session 2021-22 (HC 289)
- Treasury Minute: August 2021 (CP 510)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 510), three recommendations below remain work in progress.

3: PAC conclusion: HM Treasury has not done enough to ensure people understand the value of their pensions.

3: PAC recommendation: HM Treasury should lead from the centre, and seek to understand members' views regarding their pensions, including the reasons why people may opt out of a scheme and whether this has a long-term impact on other parts of public services and expenditure. It should undertake a review into the take-up and retention of public pensions, particularly amongst young professionals, to help understand the issues employers face when trying to demonstrate the value of pensions. Such a review should identify areas where communication is working well and recommend best practice for employers.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2022

3.2 Participation in the main public service pension schemes is very high. For example, less than 1% of the active Civil Service population has currently opted out of the Civil Service Pension Scheme.

3.3 Data on participation rates in public service pension schemes are collected and held at scheme level and shared with HM Treasury. This is appropriate as departments are responsible for schemes and controlling membership data. If participation rates change significantly, departments are expected to raise this with HM Treasury and implement appropriate mitigation measures. Some departments conduct exit surveys to understand why employees have opted-out of their pension scheme.

3.4 HM Treasury will commission departments for analysis of the latest participation data, work with departments to standardise data collection and enquire as to whether data can be broken down by member characteristics. HM Treasury will also ask departments to provide an update on the measures being taken to improve participation among specific groups, which will inform ongoing work by HM Treasury and departments to promote the value of public service pensions among employees, including pilots to improve the communication and quantification of the value of public service pensions in Civil Service job listings commencing in October 2021. Departments should also continue to provide HM Treasury with participation data on a regular basis for monitoring purposes.

3.5 Public service pension schemes provide members with generous benefits in retirement. As participation rates in these schemes remain high, HM Treasury does not believe that participation levels will have a significant impact on wider public expenditure. However, HM Treasury will keep this under review.

5: PAC conclusion: HM Treasury has had to revisit key elements of the reforms, and these issues may take decades to resolve fully.

5: PAC recommendation: HM Treasury must prioritise work to quickly resolve the challenges presented by the McCloud judgment and cost control mechanism, in order to give certainty to scheme members and employers, and rebuild the trust lost through these issues. The Department should write to us with an update in six months' time.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: February 2022

5.2 The government committed to legislate as soon as practicable to remedy the discrimination identified by the Court of Appeal in the McCloud judgment in its consultation, Public service pensions: Changes to the transitional arrangements to the 2015 schemes. Subsequently, the Public Service Pensions and Judicial Offices Bill was introduced in the House of Lords on 19 July 2021. The Bill continues to progress through the House of Lords, with Second Reading having taken place on 7 September 2021, and Grand Committee on 11 October 2021.

5.3 For active and deferred members, the Bill introduces the 'deferred choice underpin' as set out in the government's consultation response. This approach allows members to decide which set of benefits they wish to receive in respect of the remedy period (ie legacy or reformed scheme benefits). Making this choice at retirement enables members to have greater certainty over which option is best for them. This means the impact of the McCloud judgment on affected individuals will be resolved as they reach retirement. This approach was strongly supported by consultation respondents.

5.4 HM Treasury set out in Amending Directions, published on 7 October 2021, the detail of how the cost control element of the 2016 valuations should be completed, meaning schemes can now finalise their results. The government announced in February 2021 that any ceiling breaches that occur at the 2016 valuations will be waived, as it would be inappropriate to reduce benefits based on a mechanism that is not working as intended. However, any benefit increases due as a result of floor breaches will be delivered.

5.5 The government launched a consultation on changes to the cost control mechanism following the Government Actuary's review of the mechanism. The consultation sought views on three key reforms to the mechanism, all of which were recommendations by the Government Actuary:

(i) moving to a 'reformed scheme only' design,
(ii) widening the corridor from 2% to 3% of pensionable pay, and
(iii) introducing an economic check.

The consultation closed on 19 August 2021 and the government published its response on 4 October 2021. The response confirmed that all three reforms are being taken forward. The government is aiming to implement these changes in time for the 2020 valuations.

5.6 The government will write to the Committee with an update on both areas of work in February 2022.

6: PAC conclusion: HM Treasury has not yet performed an evaluation of its reforms and we are not convinced it is on track to meet its objectives.

6: PAC recommendation: HM Treasury should perform an interim evaluation of its 2011–2015 reforms to ensure it is on track to meet each of its objectives, taking account of whether pensions are working for employers, employees and other taxpayers. It should write to the Committee with an update of this evaluation by the end of the year.

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: December 2021
Original target implementation date: end 2021

6.2 In December 2021, HM Treasury will write to the Committee with an assessment of how it is meeting its objectives for public service pensions.

6.3 Given the long-term nature of pensions, these are still relatively recent reforms. A significant number of public sector employees continue to accrue benefits under legacy pension schemes and a large proportion of pension payments in the next decade will be for pensions already in payment.

6.4 The government is still in the process of implementing the 2011–2015 reforms by remedying the discrimination identified by the McCloud and Sargeant judgments and transferring remaining members into reformed schemes. This will be implemented through the Public Service Pensions and Judicial Offices Bill, which was introduced in the House of Lords on 19 July 2021. The Bill is continuing to progress through the House of Lords.

6.5 Any assessment of the reforms will be limited until they have been fully implemented and embedded in the public service pensions system.

Treasury Minutes Progress Reports Archive

Treasury Minutes Progress Reports provide updates on the implementation of recommendations from the Committee of Public Accounts. These reports are Command Papers laid in Parliament.

Publication Date	**PAC Reports**	**Ref Number**
November 2021	Session 2013-14: updates on 1 PAC reports Session 2016-17: updates on 3 PAC reports Session 2017-19: updates on 33 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 47 reports Session 2021-22: updates on 5 reports	CP 549
May 2021	Session 2010-12: updates on 1 PAC reports Session 2013-14: updates on 1 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 report Session 2013-14: updates on 1 PAC report Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 reports	CP 313
February 2020	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 1 PAC report 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
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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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