HM Treasury

Treasury Minutes

Government response to the Committee of Public Accounts on the Thirty-Second to the Thirty-Fifth reports from Session 2021-22

CP 649

April 2022

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

April 2022

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Government response to the Committee of Public Accounts Session 2021-22

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Thirty-Second Report of Session 2021-22

Department for Digital, Culture, Media and Sport

Delivering gigabit-capable broadband

Introduction from the Committee

The Department for Digital, Culture, Media & Sport (the Department) is responsible for delivering the government's policies on increasing economic growth and productivity through improved digital connectivity. Central to this is its target of rolling out gigabit-capable infrastructure capable of download speeds of at least 1000 megabits per second (Mbps) to at least 85% of UK premises by 2025. Although superfast broadband (download speed of at least 30 Mbps) is fast enough for most household use today, global internet traffic is growing by around 40% each year. Gigabit-capable broadband, such as full fibre, can provide speeds of over 1,000Mbps, fast enough to download a High-Definition (HD) film in seconds.

In 2019, the Department revised its target of achieving nationwide full-fibre coverage by 2033 to achieving nationwide gigabit-capable coverage by 2025. In 2020 it revised this again, to at least 85% of UK premises having access to gigabit-broadband by 2025. Despite having revised its target, the Department also plans to accelerate rollout to get as close to 100% nationwide coverage as is possible in that time. The Department expects that commercial operators will supply broadband infrastructure where profitable, and that this will provide up to 80% of the UK's coverage. These providers include large firms like Openreach and Virgin Media O2, and smaller providers, known as alternative networks or "alt-nets". The Department is working with these operators to provide subsidies to build gigabit infrastructure in less commercially viable areas. In addition, it is providing funding through the gigabit voucher scheme as immediate help for people experiencing slow broadband speeds in rural areas. The government has allocated £1.2 billion to rolling out gigabit by 2025, with a further £3.8 billion reserved for future years.

Based on a report by the National Audit Office, the Committee took evidence on 4th November 2021. The Committee published its report on 19th January 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Improving broadband – Session 2019-21 (HC 863)
- PAC report: Delivering gigabit-capable broadband – Session 2021-22 (HC 743)

Government response to the Committee

1: PAC conclusion: The Department's reporting still lacks the consistency and detail needed to enable Parliament and the public to tell what progress it is making in rolling out gigabit-capable broadband across the UK.

1: PAC recommendation: Given the critical nature of this issue and our concern about the Department's grip on it, we recommend that the Department should:

- ***work with the National Audit Office to determine the most appropriate metrics and frequency for reporting progress with the scheme; and***
- ***by the end of March 2022, write to us with the results of this work and outline how and when it will provide us with regular and transparent updates on the programme.***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2022

1.2 The Department for Digital, Culture, Media & Sport (the department) has been liaising with the National Audit Office to agree on a set of appropriate metrics and publication cycle. The department is committed to transparency and intends to provide accurate, complete, timely and quality assured data into the public domain.

1.3 The department is strengthening its existing quarterly updates to provide further information on progress in UK gigabit broadband coverage. This will explain the reasons for increases in coverage since the previous report and provide geographical breakdowns of beneficiaries of improvements in coverage. Updates will continue to provide details of the procurement pipeline and the progress of individual projects.

1.4 As a new executive agency of the Department for Digital, Culture, Media & Sport, Building Digital UK (BDUK) will publish its own annual report and accounts. These will report on its progress in delivering gigabit coverage, including the contribution from each of its different interventions and key financial metrics. BDUK's first annual report and accounts will be published after the end of its first financial year (April 2022 to March 2023) in the summer of 2023. BDUK will also publish a performance report on BDUK's progress in delivering gigabit coverage during the 2021-22 financial year. The performance report is scheduled for July 2022 to allow sufficient time for complete data on the full year of delivery up to March 2022 to be compiled and quality assured.

1.5 The department will write to the Committee with further information by the end of March 2022.

2: PAC conclusion: The Department has so far been overly reliant on the contributions of commercial suppliers in improving gigabit coverage.

2: PAC recommendation: In line with its Treasury Minute response, the Department should set out what progress it has made towards its coverage target of 85% by 2025. This should be broken down by how much coverage is being achieved by:

- ***individual commercial suppliers, such as Openreach, Virgin Media O2 and smaller suppliers know as alternative networks or "alt-nets" etc., and the extent to which it is through full fibre technology; and***
- ***the gigabit voucher scheme.***

2.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2022

2.2 The UK has one of the fastest builds in Europe, becoming a leader in terms of gigabit connectivity by 2025. The department has achieved this by setting clear, ambitious targets to galvanise operators and investors, together with a regulatory environment that stimulates competition and investment in the market.

2.3 There are now over 80 different companies rolling out gigabit broadband. The UK is on track to achieve coverage to 85% of the UK's 31 million premises by 2025.

2.4 As of March 2022, gigabit capable networks are available to 66% of UK premises, including full fibre networks to 32% of UK premises, according to ThinkBroadband.com, up from just 6% at the beginning of 2019.

- Virgin Media O2 has upgraded and extended its network, offering gigabit speeds to over 50% of the UK. Industry sources suggest at least 10% of these are served by full fibre. The company has announced an upgrade path to convert the remainder to full fibre, and is seeking joint venture partners to extend to a further 7 million premises;

- Openreach - and KCom in Kingston upon Hull - have built new full fibre networks to 21% of UK premises; and
- a further 11% of UK premises are able to receive gigabit services over an alternative network provider's full fibre networks.

2.5 BDUK delivered gigabit coverage to over 600,000 premises by April 2021. BDUK has pivoted the Superfast programme, which now targets the remaining 3% of UK premises without superfast speeds, to focus on gigabit capable networks.

2.6 BDUK will report further details on the coverage achieved by its different interventions in its performance report in July 2022, and then in the annual report and accounts from 2023.

2.7 The department will address this recommendation in its letter to the Committee.

3: PAC conclusion: We are not convinced by the Department's assertion that it will meet its target delivery of a minimum of 85% by 2025 despite having signed no new infrastructure subsidy contracts for Project Gigabit.

3a: PAC recommendation: In line with its Treasury Minute response, the Department should write to us setting out in detail how it will deliver 85% coverage by 2025, including:

- ***the baselines it is using, and overall progress against these; and***
- ***what new infrastructure contracts it has signed and how many more contracts it requires to be in place and by when in order to meet its overall target.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: May 2022

3.2 BDUK's 2022-23 corporate plan will include a baseline trajectory for the progress required each year for the department to achieve its minimum target of 85% gigabit coverage by the end of 2025, including BDUK's planned contribution of at least 5% in uncommercial areas.

3.3 BDUK will report progress against this baseline annually, beginning July 2022.

3.4 BDUK will also publish quarterly updates on the procurement pipeline for Gigabit Infrastructure Subsidy contracts. These will include the pipeline of procurements and associated timescales, together with the expected scale and value of the procurements.

3.5 In the latest Winter Update (published February 2022), BDUK reported that it has now launched its first six procurements for up to 187,400 premises. It also provided its procurement pipeline for up to 2.3 million more premises to be included in contracts awarded by the end of 2024, while noting that it was subject to industry feedback and capacity.

3.6 These new contracts are in addition to the 56 Superfast contracts currently delivering gigabit coverage to premises with the lowest speeds (less than 30 Mbps) in areas including Northern Ireland, Scotland, and Devon and Somerset, with further coverage stimulated by demand-led gigabit vouchers and public sector hubs.

3.7 The department forecasts that its interventions will deliver at least the 950,000 more premises needed to achieve BDUK's planned 5% contribution by 2025.

3.8 The department will address this recommendation in its letter to the Committee.

3b: PAC recommendation: The Department should also adopt a flexible procurement approach which allows it to respond to market developments without endlessly delaying the signing of contracts for commercially unviable areas.

3.9 The government agrees with the Committee's recommendation.

Target implementation date: December 2022

3.10 BDUK's overall programme strategy and design of its interventions, including the procurement approach, balances the need to be dynamic and responsive to the market's plans while maintaining a minimum level of certainty that suppliers will build viable networks to uncommercial areas and consequently ensure appropriate value for money.

3.11 BDUK has implemented a robust process for surveying contract areas to understand suppliers' commercial build plans and identify the premises requiring support from BDUK to access gigabit networks. This process provides BDUK with the information required to identify whether to intervene in an area, because there are no commercial plans to build gigabit infrastructure, or to defer programme activity in that area because they may be covered by suppliers' commercial build plans. BDUK retains the option of including premises in later delivery phases of its Gigabit Infrastructure Subsidy contracts if intervention is required at a later date because suppliers' commercial build plans change.

3.12 BDUK has streamlined its procurement process, while maintaining Public Contracting Regulations and Cabinet Office best practice. This includes establishing a Dynamic Purchasing System to pre-qualify bidders for its local supplier procurements and investing time in pre-procurement market engagement to assess the viability of proposed procurements and mitigate the risk of delays from failed procurements.

3.13 BDUK reviews its procurement approach following each round of procurements to measure their success and learn lessons to take into subsequent procurements. The first round of procurements are planned to be complete by December 2022.

4: PAC conclusion: We are disappointed that the Department has still not taken significant action to remove barriers to rolling out Project Gigabit.

4: PAC recommendation: In line with its Treasury Minute response, the Department should write to us setting out what progress it has made:

- ***to remove barriers to deployment, including details of the findings from its consultations and its response in the four priority areas of:***
  a) access to land
  b) street works
  c) new build connectivity; and
  d) supporting mobile deployment.
- ***To remove equipment from high-risk vendors from the relevant networks.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 To remove barriers to network deployment, the department has:

- introduced the Product Security and Telecommunications Infrastructure Bill, to encourage stronger relationships between telecoms operators and site providers. The bill will tackle the issue of non-responsive landowners, providing operators with the automatic right to upgrade or share apparatus installed before 2017. The department will publish the

consultation response on implementing regulations for the Telecommunications Infrastructure (Leasehold Property) Act 2021 soon, then regulations will be laid when Parliamentary time allows;
- worked with the Department for Transport (DfT) and industry to implement and trial further reforms to streetworks and permitting, proposed in the follow-up consultation, published by DfT in February.
- published a statutory technical consultation on 'new build' home gigabit-capable connectivity. The response will be published soon, and legislation will follow when Parliamentary time allows;
- introduced changes to permitted development rights to support wider mobile coverage and 5G deployment; and
- through the Digital Connectivity Infrastructure Accelerator, taken steps to make it easier and quicker to deploy mobile equipment on local authority buildings and street furniture.

4.3 In 2020, the government announced advice to telecoms operators regarding their use of Huawei equipment, including advice to remove Huawei equipment from the 5G network by the end of 2027. Under new powers in the Telecommunications (Security) Act 2021, the government is consulting on a proposed direction to public telecoms providers regarding their use of Huawei goods and services. The consultation responses will inform the final decision on the designation notice and direction.

4.4 The department will address this recommendation in its letter to the Committee.

5: PAC conclusion: The Department's approach to rolling out gigabit risks perpetuating digital inequality across the UK.

5: PAC recommendation: The Department should, from the start of April 2022, publish statistics every 3 months showing its regional and national breakdown of progress against its gigabit coverage target.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2022

5.2 Beginning with its next regular update (scheduled for Spring 2022), BDUK will strengthen its quarterly reports with further information on progress in UK gigabit coverage, including regional and national progress on levels of gigabit coverage (sourced from independent website ThinkBroadband.com) as set out in the response to Recommendation 1 above. In addition, it will also include a breakdown of progress in gigabit coverage for rural areas relative to urban areas and for businesses relative to residential premises on gigabit coverage in its quarterly updates each year, using the data collected by Ofcom for its Connected Nations reports.

6: PAC conclusion: The Department does not have a detailed plan to ensure that those in the very hardest to reach areas are not being left behind.

6: PAC recommendation: In line with its Treasury Minute response, the Department should write to us setting out how it will reach the remaining 15% left out of the 2025 target, as well as the very hardest to reach 0.3%. This should include what progress it has made in developing and procuring new technologies.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

6.2 BDUK will publish its profile to reach at least 5% of non-commercial premises by the end of 2025 in its 2022-23 corporate plan. As well as achieving the 85% target, the contracts that BDUK is currently procuring are also the route by which the government's nationwide coverage objective is achieved. Quarterly updates on BDUK's pipeline of Gigabit Infrastructure Subsidy contracts, including premises numbers and indicative values, will continue to be published.

6.3 UK gigabit coverage beyond the 85% target would need to increase at an annualised 900,000 premises per year (subsidised and privately built) to achieve nationwide coverage by 2030. To build a credible and evidence-based profile for delivery beyond 2025 in the UK's dynamic market, the department will need to reach three key milestones:

- completion of all remaining market surveys to identify and understand the relevant suppliers' build plans, including where commercial plans will mean that premises can be descoped from its contracts;
- signing a material number of contracts to provide evidence on supplier interest in BDUK's subsidies and the pace at which they're committed to deliver their implementation plans; and
- achieving sufficient clarity on the number of premises likely to be beyond the scope of the programme.

6.4 BDUK expects these actions to have been completed in order to be ready to form more robust profiles for the period beyond 2025 by Summer 2023. While this work is in progress, BDUK will provide information on the outcome of its procurements when they are signed, sharing the expected delivery plans up to 2025 and beyond for each contracted area.

6.5 In March 2021, a call for evidence was made to explore all possible options for improving broadband connectivity for these Very Hard to Reach premises. The government published its response in February 2022 bringing together its analysis and evidence from stakeholders.

6.6 This evidence will be used to assess policy options to understand how best to address the small minority of premises that will be beyond the scope of the programme and unable to access gigabit-capable connections. The department will publish further details later this year.

6.7 As part of its assessment process, the department will consider all available solutions and technology types. As equipment improves and technology standards are updated, it will continue to engage with stakeholders to understand how these technologies can best address Very Hard to Reach premises.

6.8 The department will address this recommendation in its letter to the Committee.

Thirty-Third Report of Session 2021-22

Department for Work & Pensions

Underpayments of the State Pension

Introduction from the Committee

The Department for Work & Pensions (the Department) estimates that it underpaid 134,000 pensioners various sums totalling over £1 billion in State Pension, with errors going back as far as 1985. Of these, 94,000 pensioners are estimated to be alive, which represents approximately 0.9% of those currently claiming the pre-2016 basic State Pension. These official errors affect pensioners who first claimed State Pension before April 2016 and who do not have a full National Insurance record or who should have inherited additional entitlement from their deceased partner. Around 90% of the pensioners underpaid are women because of the types of State Pension claim affected. The Department does not expect to trace over 15,000 of the affected pensioners or their next of kin where the pensioner is deceased. On average, the Department estimates that the approximately 118,000 pensioners it can trace could receive payments averaging around £8,900 by the time the payments are made. So far, the Department has found underpayments of between £0.01 and £128,448.37.

The errors were brought to the Department's attention by individual pensioners and third-party reporting. Most notably Sir Steve Webb, the former Pensions Minister, and Tanya Jefferies of ThisIsMoney.co.uk provided the Department with example cases of underpayment from January 2020. The Department published an estimate of the underpayments in May 2020. The Department started exploring the "potential for error" in basic State Pension from April 2020 and confirmed there was a significant issue in August 2020 when it ran a full scan of its system for people who might be affected.

Based on a report by the National Audit Office, the Committee took evidence on Thursday 28 October 2021 from the Department for Work & Pensions. The Committee published its report on 21 January 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Investigation into the underpayment of State Pension – Session 2021-22 (HC 665)
- PAC report: Underpayments of the State Pension – Session 2021-22 (HC 654)

Government response to the Committee

1: PAC conclusion: For decades, the Department has been relying on a State Pension payment system that is not fit for purpose

1: PAC recommendation: As a matter of urgency, the Department should consider whether there are cost-effective ways to upgrade its IT systems and enhance its administrative processes to ensure the quality and timeliness of management information and reduce the risk of repeated errors. In prioritising what IT infrastructure to upgrade, it should factor in the opportunity cost of not upgrading old systems, including the cost of errors and underpayments to the citizen.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 As outlined at the Committee hearing on 28 October 2021 (questions 39; 46; 64), the Department for Work and Pensions (the department) has made significant progress to transform customer experiences and replace legacy IT systems for state pension payment administration, through the new Get your State Pension (GySP) service. This is part of its ongoing transformation programme.

1.3 The department introduced GySP in 2018, and it is the department's first service to fully automate the processing of a benefit, meaning online claims are awarded and paid to the customer without any manual intervention. As at January 2022, 60% of online new claims are processed and paid in this way, designing out clerical error.

1.4 The department will also automate the majority of customer changes of circumstances in future. This will further reduce potential for clerical error.

1.5 The department has enhanced the Customer Account Management (CAM) system used to maintain customer records. This now prompts agents to take specific actions before a case can be closed, preventing errors identified as part of the State Pensions Underpayments Legal Entitlements and Administrative Practice (LEAP) exercise.

1.6 Complex work is now brigaded into specialist areas for control and accuracy purposes. Revised work instructions have been issued to staff, and line managers have delivered sessions to ensure understanding.

1.7 Enhanced checking of this work is undertaken, targeting elements of the new instructions to ensure compliance. Data matching rules have been developed as an additional layer of assurance.

1.8 Within the LEAP exercise, the department has implemented IT changes, including automating some of the data entry from different systems and printing of letters.

2: PAC conclusion: The Department's complacency about the level of underpayments inherent in its approach to administering State Pension has led it to fail pensioners.

2: PAC recommendation: The Department should start treating underpayments on State Pension as seriously as overpayments and set out to the Committee in its Treasury Minute response to this report what it is going to do both to prevent future errors and to strengthen its detection of systemic issues that lead to errors.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The department rejects the Committee's assertion. The department has been taking action to prevent future errors since Summer 2021. As outlined at the Committee hearing on 28 October 2021 (questions 40; 79), since July 2021, the department has been reviewing its Quality Framework to further improve the likelihood of official error 'under/overpayment' risks being captured and acted upon.

2.3 The department has strengthened its assurance methodologies, to ensure that associated sampling is more robust and picks up the widest range of errors possible for correction, using insight to inform organisational learning and continuous improvement plans.

2.4 All other assurance sampling is statistically significant. The department's assurance was further strengthened in February 2021, and now involves reviewing cases as a whole, rather than just reviewing the change of circumstance processed. Further enhancements include segmenting assurance data that may indicate gaps in the knowledge of agents or other process or system errors that need rectification.

2.5 Part of the department's risk management strategy is to manage risk not only by understanding errors of large scale but also smaller scale errors which present social consequences to customers.

2.6 A range of data sets will be triangulated to improve understanding of risks and will be reviewed 6-weekly at the department's Quality Governance Board. The department will be happy to share its Quality Framework improvements with the Committee.

3: PAC conclusion: The Department has not given people who are worried they have been underpaid enough information to find out what they should do, with the risk that many may still miss out on money they should receive.

3: PAC recommendation: The Department should improve the clarity and availability of information on State Pension underpayments, and what people who are concerned that they have been underpaid should do. This should include information for groups the Department finds hard to reach such as the next of kin of deceased customers.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department welcomes the endorsement of action already taken with their proposed recommendation, although rejects the Committee's conclusion. As the department set out in the Committee hearing on 28 October 2021 (see questions 149 to 154); there is information on Gov.uk about deriving (Category BL) State Pension, inheriting State Pension through spouse or civil partner, inheriting state pension through partner and Category D (over age 80) State Pension. In 2021 the Category BL and inheritance content was revised, making it easier to find and to emphasise further that some individuals must make a claim and how they can do this.

3.3 The department has conducted complex scans of its computer systems to identify those who may fall into the three broad cohorts covered by the exercise. Where underpayments are identified, the department will contact those affected to inform them of the changes to their State Pension amount, and any arrears due.

3.4 The department is working with the General Registrar's Office, Coroner's Office and National Records of Scotland to establish datalinks to identify next of kin details they may hold.

3.5 In addition, the department will provide a more direct route for those enquiring about underpaid State Pension in respect of a deceased customer. The department will update Gov.uk by Summer 2022.

4: PAC conclusion: Correcting the State Pension underpayments comes at a great cost to the taxpayer and requires experienced specialist staff that are in short supply.

4: PAC recommendation: The Department needs, in the short term, to minimise the knock-on effect of moving experienced staff to work on the correction exercise on other service areas and, in the long term, to ensure that it retains expert staff on the old State Pension rules so long as they are needed to administer the benefit over the following decades.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department continually reviews and manages demand across the business, balancing the need to deliver existing services with any in-year pressures or new work. This is the case across all the department's service delivery areas. For example, the department took a decision in Autumn 2021 to temporarily delay the move of staff from State Pension claims work to the State Pension Underpayment Legal Entitlements and Administrative Practice (LEAP) exercise, in order to tackle outstanding new claims. This ensured all outstanding State Pensions claims were cleared by the end of October. To maintain delivery of the LEAP exercise, the department has allocated additional resource, both from internal moves, and external recruitment to have over 1400 frontline delivery colleagues working on the exercise. The department has deployed over 500 colleagues to the LEAP exercise, with additional internal moves, and external recruitment of 560 Full Time Equivalents currently in progress.

4.3 Succession planning is at the heart of the department's planning – colleagues working on the exercise will have the full end-to-end knowledge and skills needed for State Pensions service delivery. As part of this skills retention strategy, staff who had joined for the exercise on fixed term appointments were made permanent in December 2021.

5: PAC conclusion: The Department has not been sufficiently transparent to Parliament about the State Pension underpayments.

5: PAC recommendation: The Department should provide periodic updates to this Committee and the Parliament on the progress of the State Pension LEAP exercise and the speed of processing the backlog in the new State Pension.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department agrees with the recommendation, but disagrees with the overall conclusion, given it has already committed to providing updates on the progress of the Legal Entitlement and Administrative Practices (LEAP) exercise. The last update on Gov.uk was published on 24 March 2022. The department has committed to providing a further update at the next fiscal event.

6: PAC conclusion: In paying pensioners, a lump sum of their arrears, the Department may not be fully restoring them to the position that they would be in had the Department paid them correctly in the first place.

6a: PAC recommendation: The Department should establish the full extent of the impact on pensioners of receiving a lump sum of arrears of benefit, particularly for larger sums of arrears. It should seek assurance from local authorities that people are not treated prejudicially compared to how they would have been treated had they received the money over their proper period of entitlement.

6.1 The government disagrees with the Committee's recommendation.

6.2 The department's letter to the committee dated 15 November 2021 provided a full explanation of the impact State Pension arrears payments may have on other benefits and financial assessments for adult social care.

6.3 The department does not intend to change the current legislative position. It is well-established that State Pension payments are taken into account within the assessment of entitlement to means tested benefits. Accordingly, to prevent duplicate provision from public funds, State Pension arrears will be reduced to take account of Pension Credit that would not have been paid had the State Pension been paid on time.

6.4 For both Pension Credit and Housing Benefit, any remaining State Pension arrears are capital and are treated in line with the normal rules.

6.5 There is long-standing principle of personal responsibility for social care in England, as well as a safety net that supports significant numbers of people today. Under the Care Act 2014, charging is based on a number of principles including that people should not be charged more than it is reasonably practicable for them to pay and that charging approaches be clear, transparent and comprehensive so people know what they will be charged.

6.6 Where a local authority charges a person for their care and support, regulations set limits below which a person's income and capital must not be reduced by charges. Regulations do not provide any means for State Pension arrears payments to be ignored as part of an adult social care financial assessment. The responsibility for interpreting and applying the regulations and guidance rests with local authorities.

6.7 Social care policy is devolved in Northern Ireland, Scotland and Wales.

6b: PAC recommendation: It should, as part of its Treasury Minute, set out how its payment of arrears without interest or further compensation is compatible with Managing Public Money's requirement of restoring the pensioner to the situation they would have been in had the errors not occurred.

6.8 The government agrees with the Committee's recommendation.

Recommendation implemented

6.9 The department set out the rationale for its approach to interest payments at the Committee hearing on 28 October 2021, in questions 132-148.

6.10 In coming to the decision not to pay interest or further compensation, the department has given consideration to paragraph 4.11.4 of Managing Public Money, which states that financial remedies "should not be offered routinely" and should take into consideration "the impact on the organisation's future business".

6.11 Given due regard to the above Managing Public Money considerations, the department made the decision not to apply blanket compensation or interest in previous Legal Entitlements and Administrative Practice (LEAP) exercises. To be consistent with what has been applied in previous cases, the department is following this precedent in the current State Pensions LEAP exercise.

7: PAC conclusion: Given the nature of the underpayments identified there must be a risk that similar, unidentified errors exist elsewhere in the State Pension caseload.

7a: PAC recommendation: The Department should write to the Committee to explain how it has assessed the risk of systemic underpayments to divorced women. It should also explain how it will review other detected underpayments to assess whether there is a systemic cause and take steps to extend the correction exercise as required.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 The department undertakes a yearly review of a randomly selected sample of benefit cases. In reviewing a recent sample of 1500 state pension cases, the department did not find official error specifically relating to divorce. In addition, the department conducted a check of 100 large value payments, which related to backdating of pension entitlement. None of these were due to official error regarding divorce. Going forward, the department will use sampling such as this to identify both customer and official error as part of its overall prevention and detection strategy. Should future sampling activity detect potential underpayments, then further work will be undertaken, similar to the exercise completed that led to the current LEAP exercise, to determine the scale of the issue and whether any further correction exercises are required.

7.3 The department's approach has been reviewed by the Government Internal Audit Agency (GIAA) who are satisfied that the department has taken appropriate steps to consider the risk of systemic underpayments to divorced women and concur with the department's conclusions that there is no evidence of systemic error due to missing action taken on notifications of divorce.

7.4 As a direct result of the lessons learned from the State Pensions Underpayments, the department has made enhancements to the Customer Account Management (CAM) system that is used to maintain customer records. This now enables system generated prompts that direct agents to take specific actions before a case can be closed, preventing the errors that were identified as part of the Legal Entitlements and Administrative Practice (LEAP) exercise.

7.5 As well as IT enhancements, complex work is directed into specialist areas for control and accuracy purposes. Revised work instructions have been issued to staff. Enhanced checking of this work is undertaken, targeting the new instructions to ensure compliance. Data matching rules have been developed as an additional layer of assurance.

7b: PAC recommendation: The Department should provide this Committee with a detailed description of the lessons learnt from this episode, including how it responds to concerns and queries from the public.

7.6 The government agrees with the Committee's recommendation.

Recommendation implemented

7.7 In July 2021, the department completed a root cause analysis of the errors leading to State Pensions Underpayments. This was shared with the National Audit Office as part of their review of the exercise. The analysis shows that the key drivers for error were:

a) a failure of front-line colleagues to manually set and action prompts / tasks on customer records to generate a review of a customer's award when either their spouse reaches their State Pension age, they are widowed, or reach their 80th birthday, and;

b) a failure of the department, and its predecessors, to always recognise the importance of the processing of prompts / tasks to ensure award reviews have been processed.

7.8 As a result of the lessons learned from the State Pensions Underpayments, the department has made enhancements to the Customer Account Management (CAM) system that is used to maintain customer records. Previously, cases could be closed without relevant action being taken, which was a key driver of the error leading to these payment errors. The system now generates prompts that direct agents to take specific actions before a case can be closed.

7.9 The department has also invested in specialist teams to handle the more complex new State Pension claims, to reduce the potential for future error. This will continue to build capability and skill, and mitigate process and Monetary Value of Error, whilst providing an expert team to deal with customer concerns and queries.

7.10 The department has delivered enhanced training for all staff dealing with State Pension cases. The department has also launched a ‘Voice of the Customer: Active Learning’ initiative, to better learn from and improve customer experience. This shares learning from customer contact and is part of an individual’s training and consolidation.

Thirty-Fourth Report of Session 2021-22

Department for Levelling Up, Housing and Communities and HM Treasury

Local Government Finance System: Overview and Challenges

Introduction from the Committee

Local authorities provide a broad range of services, including those for some of the most vulnerable in society. They have also been vital in the local response to the COVID-19 pandemic. Local authorities are funded through multiple funding streams, including government grants, taxes and charges for services. They also raise funds to support their services through commercial activity such as purchasing properties to provide income.

The Department for Levelling Up, Housing and Communities (the Department) is responsible for working across government to support HM Treasury (the Treasury) to make major decisions about local government funding and it 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.

English local authorities spent £64.4 billion on providing services in 2019–20 with statutory care services for vulnerable adults and children dominating spending. Spending Review 2021 announced £4.8 billion of new grant funding for local government between April 2022 and March 2025. The spending review also confirmed that £3.6 billion would be made available to local authorities to support charging reforms for adult social care. Considering the expected increases in council tax, including the additional amount charged for adult social care, the government expects the core spending power for local authorities to increase by an average of 3% in real terms each year over the spending review period.

Based on a report by the National Audit Office, the Committee took evidence on 29 November 2021 from the Department for Levelling Up, Housing and Communities and HM Treasury. The Committee published its report on 2 February 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: The local government finance system in England: overview and challenges – Session 2021-22 (HC 858)
- PAC report: Local Government Finance System: Overview and Challenges – Session 2021-22 (HC 646)

Government response to the Committee

1: PAC conclusion: The sector is facing a wide range of risks that have built up during the period of sustained financial pressure on local authorities.

1: PAC recommendation: The Department must set out what changes it has made to improve the quality of the local government financial data it collects, what requirements it will carry over from its monthly COVID-19 monitoring, and whether it now has the capacity to adequately oversee the risks to local authority finances and services.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: End of 2022

1.2 In December 2021, the department concluded a comprehensive review of the regular local authority expenditure and borrowing statistics published by the government. The review identified a range of recommendations aimed at improving the content, presentation and accessibility of the statistics.

1.3 Alongside the comprehensive review, the government has taken specific action to improve the data it collects on local authority capital borrowing and investments, in response to the recent National Audit Office (NAO) and Committee reports on commercialisation. The department wrote to the Committee on 17 August 2021 setting out its plans in detail. Following a one-off trial survey in early 2021, to collect additional capital data from local authorities, the department has now made changes to its Local Authority Revenue Expenditure and Financing collections form to collect regular information on the performance of local authority investments. From September 2021, the department also receives 3-year borrowing and investment plans from authorities wishing to borrow from the Public Works Loan Board (PWLB).

1.4 The Levelling Up White Paper of February 2022 announced that the government is also establishing a new independent body focused on data, transparency, and robust evidence to enhance the government's understanding of place-based leadership, quality of local service delivery and organisational efficacy.

1.5 The department wrote to the Committee in April alongside this Treasury Minute with more detail about its new data collections and how it plans to use these data.

2: PAC conclusion: Too often the Department has failed to act with sufficient urgency to address risks to financial sustainability in the sector, leading to problems becoming entrenched.

2: PAC recommendation:

- ***The Department needs to identify key areas of concern regarding the sustainability of local government finance and explain how these will be addressed as part of its stewardship role.***
- ***The Department should set out a clear timetable for responding to and implementing any changes as a result of its consultation; and***
- ***HM Treasury and the Department should seriously consider extending their recently introduced conditions for local authority borrowing to require that a compliant policy is always in place for new loans and what action might be taken for existing loans where no MRP does exist, so that prudent levels of MRP are built into the authorities financial planning in the future.***

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

2.2 The government published its policy paper Local authority capital finance framework: planned improvements on 28 July 2021. This sets out the range of measures being taken to make sure that local authority investment decisions are compliant with the Prudential Framework. The government worked with CIPFA on the updated Prudential Code, which more explicitly limits investing primarily for profit. The government intends to update its own Statutory Guidance on Local Government Investments in 2022. In addition, where authorities have approached the government for financial support, and where capital practices have contributed to the financial failure, the government has made reducing risk part of the conditions of support.

2.3 In the July 2021 document, the government set out its intent to consult on strengthening the Minimum Revenue Provision (MRP) duty in response to the issue of some authorities not making adequate provision to repay debt, an issue identified by the NAO and the Committee. The department's consultation on strengthening compliance with the MRP duty concluded on 8 February 2022. The consultation sets out proposed changes to regulations. The proposals are designed to stop the two main mechanisms authorities use to avoid an MRP charge: using the proceeds from asset sales instead of meeting the cost from budgets; and, not making MRP on debt that was used to purchase commercial assets. The department plans to publish its response in spring 2022. The department will consider, in discussion with HM Treasury, what further actions are needed for those local authorities that remain non-compliant with the MRP duty.

3: PAC conclusion: The Department did not act with sufficient urgency, nor has it set out an overarching plan and timetable, to address the severe and pressing problems with the local government audit market.

3: PAC recommendation: Alongside its Treasury Minute Response, The Department should provide a detailed timetable and overarching plan that draws together the existing and recently proposed short- and long-term actions to address the problems with local government audit. This should include a clear timetable for finalising the local audit functions of ARGA, the transition arrangements and a mechanism to keep this committee updated on progress.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2022

3.2 The department remains committed to strengthening the local audit market. Since July 2021 the department has acted as interim system leader, leading work across the system through the Liaison Committee. This has included securing agreement with key partners to a package of measures designed to help improve the timeliness of local audit, published in December 2021. The package has been broadly welcomed by the sector. Furthermore, Public Sector Audit Appointment Ltd (PSAA) announced in March that 99% of eligible local bodies have joined its national scheme for auditor appointments, which will cover the audits for the financial years 2023-24 to 2027-28.

3.3 The Financial Reporting Council (FRC) has now recruited its first Director of Local Audit. The appointment of Neil Harris to lead the FRC's dedicated local audit unit was announced on 13 March. The department is also working closely with the FRC and the NAO on requirements for the new unit ahead of the commencement of shadow system leadership arrangements at the FRC in the coming months. This will include a timetable for the transition which takes into account the new Director's start. While this unit builds capacity, the department will maintain its enhanced leadership role and will act as joint Chair of the Liaison Committee from May, as part of the transition arrangements to the FRC.

3.4 The department will publish the response to its consultation *Local audit framework: technical consultation* shortly. The department therefore proposes updating the Committee in spring 2022, after the outcome of this consultation and Department for Business, Energy & Industrial Strategy's (BEIS) response on the White Paper Restoring trust in audit and corporate governance have been published and the early stages of the procurement process completed. This will enable a more detailed response on the transition to the new arrangements and proposed junctures for further updates.

4: PAC conclusion: The Department is making some welcome improvements to its oversight of the sector although it remains to be seen what concrete difference these changes will make.

4: PAC recommendation: Alongside its Treasury Minute response to this report, the Department should write with more detail about its new data collections and how it plans to use these data, including those relating to borrowing and investment.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 In addition to the approach outlined under recommendation one, the department is strengthening its data collections on local authority risk and reserves to improve its oversight of local government.

4.3 Further work is ongoing to improve data collection on risk. This brings together data with intelligence from ongoing engagement with the sector and other government departments to provide an overall understanding of the risks affecting the sector and individual authorities. This includes their financial viability, service delivery and performance, leadership or corporate governance and now includes capital risk. The department looks at risk levels to identify local authorities which may need support. This could then be addressed by sector led peer support from the Local Government Association (LGA) or in some circumstances through exceptional financial support.

4.4 The government recognises the value of information on local authority reserves. That's why the department is collecting more detailed information from local authorities on the different types and purposes of earmarked reserves that they hold, as part of the Local Authority Revenue Expenditure and Financing collections from 2022-23 onwards. This data will improve the understanding of local authority reserves within government, facilitating evidence-informed decision-making, for instance on the right level of resources to be made available to local government.

4.5 The department wrote to the Committee in April alongside this Treasury Minute with more detail about its new data collections and how it plans to use these data.

5: PAC conclusion: We are concerned the Department is worryingly complacent in its view that the spending review will put local services on a sustainable footing.

5: PAC recommendation: Alongside its Treasury Minute response to this report the Department should write with more detailed assurance on the expected impact of the spending review on services and, working with other government departments, set out its plans to keep this under review.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department recognises the pressures on local services and the importance of a sustainable funding platform. To support services, the 2021 Spending Review settlement provides local authorities with an estimated average annual increase in Core Spending Power of 3% in real terms each year of the Spending Review period, including investment in Adult Social Care reform. By 2024-25 it is expected to rise to around £59 billion. Local government can also expect to receive additional income from 2024-25 from the Extended Producer Responsibility scheme, for managing packaging waste. This funding package ensures local services can respond effectively to rising demand and cost pressures, including adult social care reform.

5.3 The department continues to work closely with the local government sector and other government departments to ensure that councils have the resources to meet pressures and maintain current service levels. Alongside monitoring local authority finances, the department engages regularly with local authorities and other government departments to understand and assess policy outcomes. This includes working closely with the Department for Health and Social Care on plans to deliver a significant package of Adult Social Care reforms, as well as the Department for Education on the upcoming SEND Review and Independent Care Review. The department is working at pace to bring together the qualitative and quantitative information from this work to regularly assess any emerging pressures on the sector, particularly in the context of the war in Ukraine.

5.4 The department wrote to the Committee in April alongside this Treasury Minute with more detailed assurance of the impact of the Spending Review on services and its plans to work with other government departments to keep this under review.

6: PAC conclusion: The sector is still facing uncertainty and stop-gap financial arrangements until such time as the longer-term reforms are put in place.

6: PAC recommendation: Alongside its Treasury Minute response to this report, the Department should write to us setting out its plans to support the sector through this interim period.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The government agrees with the Committee and recognises how important certainty is to local authorities. The department's approach to supporting the sector ahead of any potential reform is set out in the Local Government Finance Settlement 2022-23, which was published on 7 February, and which passed the House on 9 February. This settlement provides the resources and stability councils need, following the impact of pandemic and to support the levelling up agenda. It makes available £54.1 billion in 2022-23 for local government in England, an increase of up to £3.7 billion on 2021-22, including funding for adult social care reform. This significant investment includes over £1 billion specifically for councils to meet social care pressures and a new one-off 2022-23 Services Grant worth £822 million, which will be un-ringfenced in recognition that local leaders know the priorities for their local communities best.

6.3 The government knows how important it is for local authorities to be able to plan for any potential reforms. That is why the government have committed to work closely with local partners and take stock of the challenges and opportunities they face, before consulting on any potential funding reform.

6.4 The department wrote to the Committee in April alongside this Treasury Minute setting out its plans to support the local government sector ahead of any potential longer-term reforms.

7: PAC conclusion: It is still not clear how the government will take a strategic, cross-government approach to rationalising local authority funding, which is particularly important for cross-cutting priorities like net zero and levelling up.

7: PAC recommendation: In its response to this report, the Department and the Treasury should set out what changes will be required to deliver a strategic, cross-government approach to rationalising funding for local government, especially for major strategic priorities.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

7.2 The government agrees with the Committee's recommendation. The department has an established policy to rationalise funding for local government so that local authorities can make decisions based on local priorities. There is, however, a balance to be struck between giving flexibility and ensuring that the money will be used as intended and effectively. There are instances where ringfencing or bid-based grants are required, for example when we need detailed data from local authorities.

7.3 There is work taking place in both local growth and local government funding spaces to tackle this issue. The department is considering options to simplify grants under section 31 of the Local Government Act 2003 that fall outside of the Local Government Finance Settlement. Additionally, the department is looking at options to streamline the funding process for grants, such as the Levelling Up Fund and the UK Shared Prosperity Fund.

7.4 From the perspective of local authorities, any measures to simplify the local government finance system will be closely linked to local growth ambition on wider funding simplification. Measures across both areas are complementary in reducing the administrative burdens and support the delivery of wider government levelling up ambitions.

7.5 The government's approach will be to deliver a more transparent, simpler and accountable system, reducing the number of grants whilst also considering options to limit the creation of new grants. We will work closely with local authorities to consolidate in the most appropriate way.

Thirty-Fifth Report of Session 2021-22

Department of Health & Social Care, Crown Commercial Service, Cabinet Office, and HM Treasury

The Pharmacy Earlier Payment and Salary Advance Schemes in the NHS

Introduction from the Committee

Greensill Capital was involved in the provision of two schemes to the NHS—first, supply chain finance—with particular focus on the Pharmacy Earlier Payment Scheme (PEPS) to pharmacy contractors; and second, the Employer Salary Advance Scheme which allowed NHS employees to access their earned salaries in advance of payday. PEPS was introduced by the Department of Health & Social Care in 2013 in order to improve cashflow to community pharmacies for the reimbursement of dispensing NHS prescriptions. Prior to 2013, community pharmacies were reimbursed up to two months in arrears for dispensing NHS prescriptions. Taulia and its subcontractor Greensill Capital, were appointed to run the early payment to pharmacies from April 2018 and continued to do so until Greensill Capital's collapse in March 2021. Greensill Capital marketed its salary advance scheme, Earnd, to NHS trusts from 2019 and charged no fee to employers and employees for using the service

Based on a report by the National Audit Office, the Committee took evidence on Monday 15th November 2021 from the Department of Health and Social Care; Crown Commercial Service; NHS Business Service Authority and NHS Shared Business Services Limited. The Committee published its report on 4 February 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Investigation into supply chain finance in the NHS – Session 2021-22 (HC 734)
- PAC report: The pharmacy early payment and salary advance schemes in the NHS – Session 2021-22 (HC 745)

Government response to the Committee

1: PAC conclusion: There is no evidence that the predicted benefits and savings from introducing supply chain finance into pharmacy reimbursement processes were realised.

1: PAC recommendation: The HM Treasury letter to accounting officers (DAO 02/19) providing guidance on novel financing arrangements should be reissued and updated to note that supply chain finance does not provide benefits to the taxpayer, and that these kinds of schemes should not be considered or implemented in the future.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 In June 2019, HMT published DAO 02/19, which provided guidance to Accounting Officers in respect of novel and complex financing arrangements.

1.3 Following the Committee's recommendation, on 18 March 2022 HMT reissued an updated version of DAO 02/19 (DAO 03/22). This reissued DAO reiterates accounting officers' responsibilities in respect of such schemes and sets out the Committee's recommendation.

2: PAC conclusion: Crown Commercial Service (CCS) failed to sufficiently manage and consider conflicts of interest for the appointment of contractors.

2: PAC recommendation: The Department and CCS should formalise the process for considering conflicts of interest, to ensure that actual and perceived conflicts of interest are managed appropriately.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 In 2020, the National Audit Office and the Boardman Review recommended that additional, practical guidance be made available for all in-scope organisations regarding the management of conflicts of interest in commercial environments. As a result, on 20 May 2021, the Cabinet Office published Procurement Policy Notice (PPN) 04/2021 covering the issue of conflicts of interest in awarding contracts and interpretation of the relevant exclusion provisions where contractors commit certain breaches.

2.3 The Crown Commercial Service (CCS) ensures that their framework procurement process considers conflicts of interest and has recently carried out checks to ensure that each stage of it fully complies with PPN 04/2021; this includes updating the templates it uses as part of the framework procurement evaluation process. This is to ensure contemporaneous confirmation is explicitly sought and captured that CCS teams and other interested parties in the procurement have considered and declared any perceived or actual conflicts of interest.

2.4 The Department of Health and Social Care (the department) has completed its implementation of the PPN 04/2021. It has introduced a clear process to ensure that conflicts of interest are considered at appropriate stages of the procurement lifecycle, which includes a review of the declaration forms in line with the PPN.

2.5 As part of the annual contract management assurance process for 2022-23, the department will ensure that all of its contract managers (officials) routinely complete a conflicts of interest declaration during their involvement in managing contracts. All contractors working for the department are required to complete the conflicts of interest form.

3: PAC conclusion: Despite previous experience of contractor failures, CCS and the Department did not act on lessons from previous cases.

3: PAC recommendation: The Department and CCS should establish a cohesive and robust methodology for assessing suppliers' risk profiles and resilience and develop steps to improve information sharing between the two organisations and across government. Procedures should include processes for assessing contractors' financial viability; potential to deliver the required goods and services; and that assessments are reviewed at appropriate intervals, such as when contractual arrangements are revised.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Suppliers bidding for CCS contracts are subject to robust financial checks as part of each framework procurement. CCS teams also then regularly monitor risk to suppliers and consider their resilience during the life of the contract, making use of media and market reports and other intelligence. Based on emerging information on Greensill Limited, CCS opened discussions with Taulia about identifying an alternative funder for Supplier Earlier Payment Solutions prior to Greensill Limited's collapse and engaged with NHS Business Services Authority. CCS and the Cabinet Office Commercial Central teams have well-established links across the Government Commercial Function (GCF), to ensure robust information sharing on key suppliers.

3.3 In line with GCF recommended practice, the department classifies all contracts and suppliers using a tiering approach which assesses contracts as Bronze, Silver and Gold based on risk, value and criticality (for example, from low risk to high risk). This assessment of the contract determines the extent of mitigations to be put in place. The impact of a failure in service continuity on service users and the department must also be considered.

3.4 On the award of a contract, the frequency of checking on the financial health and viability of a supplier is driven by this contract risk tiering approach as well as the assessed risk of failure regarding a supplier. Where the department is contracting with strategic suppliers to the government as a whole, the relevant officials engage with the Markets and Suppliers team in the Cabinet Office, which provides the overall financial health checks for these suppliers. For other important suppliers to the department, commercial officials undertake the financial risk assessments throughout the contract life.

4: PAC conclusion: The Department failed to provide adequate oversight to its arm's length bodies (ALBs) and NHS trusts.

4a PAC recommendation: The Department, working with NHSE&I, should adopt a formal process for ensuring that government advice is disseminated to NHS trust leadership for consideration and implementation if relevant.

4.1 The government agrees with the Committee's recommendation

Recommendation implemented

4.2 The Public Contract Regulations apply to all public sector contracting authorities, including NHS Trusts and Foundation Trusts. The Cabinet Office formulates public procurement policy and disseminates policy advice to the public sector through a process involving the publication of Procurement Policy Notices, such as PPN 04/2021, on GOV.UK. NHS England & Improvement's (NHSE&I) Chief Commercial Officer is a member of the GCF which is a part of the Cabinet Office. However, as NHS Trusts and Foundation Trusts are independent legal entities and not Arm's Length Bodies (ALBs) of the department, it would not be normal practice to disseminate advice aimed at government departments and ALBs to the NHS where it is not operationally relevant; for example, the salary advanced scheme guidance, as this was not aimed at staff on NHS terms and conditions.

4.3 NHSE&I has a process for disseminating relevant government advice to NHS trusts. Relevant updates are included, for example, in their twice-weekly Healthcare Leaders Bulletin which brings together important updates for the NHS colleagues – this includes relevant updates from the department, other partners and stakeholders. NHSE&I also has a formal route to system leaders through its Single Point of Contact team – this route is only used for items requiring immediate attention, to ensure it is not overburdening the system with multiple separate communications.

4b: PAC recommendation: The plan should also include a protocol for ensuring that the NHS logo or brand is not exploited or used by unauthorised individuals or companies and that the staff code of practice includes a protocol for personal endorsements.

4.4 The government agrees with the Committee's recommendation.

Target implementation date: May 2022

4.5 The department has a policy in place for use of the NHS brand. Third parties require a licence from the department, and these are only granted where certain criteria are met. The department will, however, make it clear that NHS staff are not permitted to endorse a third party by updating the NHS Identity Guidelines website with the following:

"The NHS or the Department of Health and Social Care (DHSC) cannot endorse or be seen as endorsing third party goods or services, regardless of if the third party has provided goods and services to the NHS or DHSC. Similarly, NHS staff members are not permitted to use their status as an NHS employee to endorse a third party in a private or professional capacity. Please refer to the NHS Identity principles."

4.6 NHSE&I support this change and NHS organisations are contractually bound by the NHS Standard Contract to follow the identity guidelines.

5: PAC conclusion: The growth in salary advance schemes across the NHS raises questions about their status as unregulated consumer lending

5: PAC recommendation: The Department along with HM Treasury, should work with the FCA to consider, as a matter of urgency, what measures and regulation can be applied to salary advance schemes to enforce the adoption of a code of good practice by scheme providers and employers

5.1 The government disagrees with the Committee's recommendation

5.2 Unsecured consumer credit is regulated under a legislative framework. Where consumer detriment is identified, the government is able to extend the perimeter of that framework to ensure that there is appropriate consumer protection. For example, the government is currently looking to extend regulation to cover interest-free credit agreements under 12 months and repayable in 12 or fewer payments. However, salary advance schemes generally operate entirely outside of credit regulation as the early payment of accrued wages does not usually involve the provision of credit. The government has also not seen substantive evidence of consumer detriment arising from the use of salary advance schemes. It has instead observed that these schemes can provide a useful tool to help people manage their finances, for example meeting unexpected costs or helping to manage the payment of larger one-off purchases. The government's assessment is therefore that these schemes do not merit regulation, which would impose costs on the providers and would likely be reflected in the costs to consumers.

5.3 The government understands that firms offering salary advance schemes are developing an industry code of practice. The government welcomes this development and, alongside the FCA, is engaging with the industry as the code develops and will consider if any further interventions are needed in the event of any signs of consumer detriment.

Treasury Minutes Archive[1]

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

Session 2021-22

Committee Recommendations:	236	
Recommendations agreed:	219	(93%)
Recommendations disagreed:	17	

Publication Date	PAC Reports	Ref Number
August 2021	Government response to PAC reports 1-6	CP 510
September 2021	Government response to PAC reports 8-11	CP 520
November 2021	Government response to PAC reports 7,13-16 (and TM2 BBC)	CP 550
December 2021	Government response to PAC reports 12, 17-21	CP 583
January 2022	Government response to PAC reports 22-26	CP 603
February 2022	Government response to PAC reports 27-31	CP 631
April 2022	Government response to PAC reports 32-35	CP

Session 2019-21

Committee Recommendations:	233	
Recommendations agreed:	208	(89%)
Recommendations disagreed:	25	

Publication Date	PAC Reports	Ref Number
July 2020	Government responses to PAC reports 1-6	CP 270
September 2020	Government responses to PAC reports 7-13	CP 291
November 2020	Government responses to PAC reports 14-17 and 19	CP 316
January 2021	Government responses to PAC reports 18, 20-24	CP 363
February 2021	Government responses to PAC reports 25-29	CP 376
February 2021	Government responses to PAC reports 30-34	CP 389
March 2021	Government responses to PAC reports 35-39	CP 409
April 2021	Government responses to PAC reports 40- 44	CP 420
May 2021	Government responses to PAC reports 45-51	CP 434
June 2021	Government responses to PAC reports 52-56	CP 456

Session 2019

Committee Recommendations:	11	
Recommendations agreed:	11	(100%)
Recommendations disagreed:	0	

Publication Date	PAC Reports	Ref Number
January 2020	Government response to PAC report [112-119] 1 and 2	CP 210

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

Session 2017-19

Committee Recommendations: 747
Recommendations agreed: 675 (90%)
Recommendations disagreed: 72 (10%)

Publication Date	PAC Reports	Ref Number
December 2017	Government response to PAC report 1	Cm 9549
January 2018	Government responses to PAC reports 2 and 3	Cm 9565
March 2018	Government responses to PAC reports 4-11	Cm 9575
March 2018	Government responses to PAC reports 12-19	Cm 9596
May 2018	Government responses to PAC reports 20-30	Cm 9618
June 2018	Government responses to PAC reports 31-37	Cm 9643
July 2018	Government responses to PAC reports 38-42	Cm 9667
October 2018	Government responses to PAC reports 43-58	Cm 9702
December 2018	Government responses to PAC reports 59-63	Cm 9740
January 2019	Government responses to PAC reports 64-68	CP 18
March 2019	Government responses to PAC reports 69-71	CP 56
April 2019	Government responses to PAC reports 72-77	CP 79
May 2019	Government responses to PAC reports 78-81 and 83-85	CP 97
June 2019	Government responses to PAC reports 82, 86-92	CP 113
July 2019	Government responses to PAC reports 93-94 and 96-98	CP 151
October 2019	Government responses to PAC reports 95, 99-111	CP 176
January 2020	Government response to PAC reports 112-119 [1 and 2]	CP 210

Session 2016-17

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

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

Session 2015-16

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

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

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 report 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 PAC reports Session 2021-22: updates on 5 PAC reports	CP 549
May 2021	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 0 PAC reports Session 2016-17: updates on 4 PAC reports Session 2017-19: updates on 47 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 28 PAC reports	CP 424
November 2020	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 0 PAC reports 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
July 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 9 PAC reports Session 2016-17: updates on 38 PAC reports Session 2017-19: updates on 17 PAC reports	Cm 9668
January 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 4 PAC reports Session 2015-16: updates on 14 PAC reports Session 2016-17: updates on 52 PAC reports	Cm 9566
October 2017	Session 2010-12: updates on 3 PAC reports Session 2013-14: updates on 7 PAC reports Session 2014-15: updates on 12 PAC reports Session 2015-16: updates on 26 PAC reports Session 2016-17: updates on 39 PAC reports	Cm 9506

Publication Date	PAC Reports	Ref Number
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

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