HM Treasury

# Treasury Minutes

## Government Response to the Committee of Public Accounts on the Thirty-Sixth to the Forty-Second reports from Session 2021-22

CP 667

April 2022

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

April 2022

CP 667

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at: public.enquiries@hmtreasury.gov.uk

ISBN 978-1-5286-3314-7

E02744636 04/22

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Ltd. on behalf of the Controller of Her Majesty's Stationery Office.

## Government Response to the Committee of Public Accounts Session 2021-22

# Thirty-Sixth Report of Session 2021-22

## Cabinet Office, HM Revenue & Customs, the Department for Transport and the Department for Environment, Food and Rural Affairs

### EU Exit: UK Border

**Introduction from the Committee**

On 17 October 2019 the UK and the EU concluded the Withdrawal Agreement, establishing the terms of the UK leaving the EU, and setting out Northern Ireland's future relationship with the EU and Great Britain (known as the Northern Ireland Protocol). On 31 January 2020, the UK left the EU, no longer participating in the EU's decision-making, and entered a transition period during which existing rules on trade, travel and business between the UK and the EU continued to apply. On 31 December 2020, the transition period ended, and the Northern Ireland Protocol came into effect with grace periods delaying the requirement for some checks and preparations.

As a result of the UK government's decision to leave the EU single market and customs union, there are new requirements for moving goods across the border. Some of these came into effect at the end of the transition period and others are due to be phased in during 2022. There have also been some new requirements for passengers. Making the changes necessary to manage the border after the end of the transition period has been the responsibility of several departments including the Cabinet Office; the Department for Environment, Food and Rural Affairs (Defra); HM Revenue & Customs (HMRC); the Home Office; and the Department for Transport (DfT). It has also required significant engagement from stakeholders outside government including the border industry, traders, hauliers, and their representatives.

Based on a report by the National Audit Office, the Committee took evidence on 24 November 2021 from the Cabinet Office, HM Revenue & Customs, the Department for Environment, Food and Rural Affairs and the Department for Transport. The Committee published its report on 9 February 2022. This is the government's response to the Committee's report.

**Relevant reports**

- NAO report: The UK border: Post UK-EU transition period – Session 2021-22 (HC 736)
- PAC report: EU Exit: UK Border – Session 2021-22 (HC 746)

**Government response to the Committee**

***1: PAC conclusion: The new border arrangements have yet to be tested with normal passenger volumes and may be further challenged when the EU introduces requirements for biometric passport checks.***

***1: PAC recommendation: Government must set out its scenario planning and modelling for passenger volumes in 2022 and clarify how it will manage the increased pressures and any contingencies that may be required, including those relating to new EU Entry and Exit System requirements at juxtaposed controls. Government should write to the Committee, within six months, to provide an update on its scenario planning and whether its 2022 modelling has proved accurate, with particular emphasis on HGV drivers.***

1.1 The government agrees with the Committee’s recommendation.

**Target implementation date: October 2022**

1.2 The government creates short-term demand scenarios to inform operational planning. Longer-term modelling and forecasting are subject to significant uncertainty and is unsuitable for operational purposes. Analysis for the summer is being undertaken to inform decision making and contingency planning. As the anticipated peak 2022 period draws near, specific summer scenarios will be developed. Given commercial sensitivities these forecasts would not be published. The government will write to the Committee in Autumn 2022 on this issue.

1.3 The implementation of the EU Entry and Exit System (EES) is the responsibility of France but does pose specific challenges for ports operating juxtaposed controls. In terms of contingency planning, the government continues to engage with France, alongside ports and carriers, to ensure respective border arrangements work as well as possible. Cross-government engagement with France is underway and focused on developing a fuller understanding of France’s plans for delivery and implementing the EU EES in a way which minimises any impact on throughput at the juxtaposed controls. Should any disruption occur the Kent Resilience Forum has well-developed traffic management and traveller welfare plans ready to deploy, and the government will continue to engage with them on these plans.

***2: PAC conclusion: The new controls in place over the movement of goods from the UK to the EU have created additional costs for businesses and affected international trade flows.***

***2: PAC recommendation: To minimise the costs to business as far as possible, government should:***

***i) undertake a comprehensive exercise to identify and quantify the additional costs the business community and border stakeholders face as a result of new border requirements; and***

***ii) identify opportunities to reduce costs and administrative burden to traders. Government should set out what progress it has made on these points in its Treasury Minute Response.***

2.1 The government agrees with the Committee’s recommendation.

**Recommendation implemented**

2.2 The government adopts an evidence-based approach to policy making and will continue to do so. With 2021 being a non-typical year of trading because of the pandemic and customs controls introduced in stages to support business recovery, the government does not have the data at this stage to update the October 2019 Impact Assessment, which set out the anticipated administrative burden for additional customs declarations which resulted from EU Exit. The government intends, in due course, to produce an updated estimate when it is able to collect more stable trade data that has less interference with the COVID-19 pandemic and global supply chain issues, which will set out our revised assessment of business impact.

2.3 The government set out in its 2025 UK Border Strategy six key transformations - all designed to contribute to a reduction in costs and administrative burdens for all border users. The greatest impact on administrative burden will come from enhancing the government's collection, assurance and use of border data, enabling upstream compliance to move processes away from the frontier, and making border documentation digital by default.

2.4 Work to develop the UK Single Trade Window, which will create a single digital gateway for traders into UK border systems, is underway. The first functionality has been released and discussions on further features are underway with stakeholders. The government is also reviewing the presence at the border with the aim to understand how it can best deliver goods checks to improve the speed and ensure traders experience a coherent and joined-up government presence. The government has also established a long-term policy call for evidence on the UK's customs regime – this is currently live (due to close on 2 May 2022) and welcomes views on how the UK's customs system can be improved by simplifying processes for traders and embracing innovation.

***3: PAC conclusion: More could be done by Government to ensure small and medium sized enterprises (SMEs) are prepared to face the additional costs and administration required by new border requirements.***

***3: PAC recommendation: In its Treasury Minute response, Government should identify what issues businesses are facing in relation to the new border requirements and in particular determine how they can provide SMEs with additional support, both through existing mechanisms, including customs intermediaries, and new methods of targeted support. Government should write to the Committee, within six months, to provide an update on what measures have been taken to support SMEs.***

3.1 The government agrees with the Committee's recommendation.

**Target implementation date: October 2022**

3.2 Some small and medium sized enterprises (SMEs) have been disproportionately impacted by new border requirements for both imports and exports. SMEs have also raised concerns about the challenge of remaining aware of changing import requirements. In response to this, the government continues to support industry and business in implementing the changes and providing extensive support to adjust to the changes in their customs obligations. Looking to the future, the UK Single Trade Window will put particular emphasis on making it easier for SMEs to begin trading and to do so simply. This will build on support already provided.

3.3 In 2021, the SME Brexit Support Fund offered up to £2,000 per business to help support them with adjustments around customs and VAT rules. In 2022, the government is building on existing mechanisms, with extensive guidance published on GOV.UK, including an intermediary register with a list of over 1,500 intermediaries broken down by client capacity and services offered.

3.4 In 2021, the government, led by Department for International Trade, launched the Export Support Service where UK businesses can get answers to practical questions about exporting to Europe by accessing cross government information and support in one place. The new service brings together well-established government support and helps SMEs navigate existing sources of information. It sits alongside the government's wider package of support for exporters, helping UK businesses export with more confidence. The government will continue to work with businesses and business representative groups from all sectors, in all parts of the UK, to help make the service as useful as possible for businesses at every stage of their exporting journey.

***4: PAC conclusion: Government intends to introduce full import controls in phases from January 2022, but much work remains to be done.***

***4: PAC recommendation: Alongside the Treasury Minute, Government should write to the Committee setting out what it has delivered so far and its plans for ensuring that it delivers:***

***i) key systems requirements, including links between systems such as IPAFFS and GVMS;***

***ii) staff and infrastructure requirements; and***

***iii) clarity to ports on the charging regime at government-owned inland sites and the volume of checks that it expects to undertake on goods moving through ports.***

4.1 The government agrees with the Committee's recommendation.

**Recommendation implemented**

4.2 Alongside this Treasury Minute, the government has sent a separate letter from the Cabinet Office setting out the further information as requested by the Committee.

***5: PAC conclusion: There is more to be done to ensure that traders and hauliers across the 27 EU countries are prepared for UK import controls.***

***5: PAC recommendation: In its Treasury Minute response, Government should set out departments' assessment of EU trader and haulier readiness, to determine whether any intervention by either itself or the EU may be required; and set out any plans for additional support.***

5.1 The government agrees with the Committee's recommendation.

**Recommendation implemented**

5.2 The government has dedicated significant resources to helping EU traders get ready for import controls and will be announcing further engagements soon. Since April 2021, the government has delivered more than 70 successful events including roundtables, webinar events and bilateral technical discussions with EU member states to support trader readiness.

5.3 Ongoing work to improve EU processes and readiness of businesses in the EU. Targeted meetings with EU member states and embassy posts are structured to enable feedback identifying key issues to address. To raise awareness and understanding across EU businesses, the government has put in place an extensive programme of translated webinars and communications assets are being made available for dissemination through EU member state channels. These include decision trees, checklists, case studies and animations tailored and translated for specific member states. Technical engagement meetings continue to provide more specific guidance.

***6: PAC conclusion: Government's arrangements for goods arriving from the EU is untested and could be exploited, increasing regulatory and fiscal risks.***

***6: PAC recommendation: Alongside its Treasury Minute response, Government should provide the committee with its assessment of the fiscal and regulatory risks for imports from EU-GB and set out how it will minimise any potential gaps in the temporary arrangements it intends to operate until all its planned permanent infrastructure is in place.***

6.1 The government agrees with the Committee's recommendation.

**Recommendation implemented**

6.2 Alongside this Treasury Minute, the government has sent a separate letter from HMRC setting out further information as requested by the Committee.

***7: PAC conclusion: Government's ambition for the UK to have the "world's most effective border by 2025" relies on cross-government digital programmes, in which it does not have a good track record.***

***7: PAC recommendation: Government should write to the Committee, within six months, setting out the timetable for its planned programme of work to create the world's most effective border by 2025, and the key risks it will need to manage in taking this forward.***

7.1 The government agrees with the Committee's recommendation.

**Target implementation date: October 2022**

7.2 Delivery of the 2025 Border Strategy is well underway, and programmes and pilots will deliver tangible benefits to UK businesses over this year. The 2021 Spending Review committed to spend over £1 billion over the coming years on border transformation. Now long-term budgets for the major transformative programmes across government and industry have been confirmed, the government will work with industry to create a full transformation roadmap.

7.3 The Cabinet Office has worked with the Infrastructure and Projects Authority to design and implement cross-departmental governance structures that ensure strategy, design, delivery and performance are fully integrated across the border's portfolio. This new governance structure has been proved effective over the past year as the government implemented import controls for goods being imported from the EU to the UK and will ensure delivery of the strategy continues to be coordinated effectively.

7.4 The government will continue to use best practice to manage delivery risks for major border transformation projects, for example, the UK Single Trade Window is part of the Government Major Projects Portfolio.

7.5 The government will write to the Committee by October 2022 to provide an update on this work and share the roadmap it has developed for transformation of the UK border.

***8: PAC conclusion: Businesses have faced challenges operating under the Northern Ireland Protocol which need to be resolved.***

***8: PAC recommendation: Government should continue its efforts to resolve the challenges of the Protocol and ensure that departments are ready to put any negotiated outcome into operation, and that it has prepared for any contingencies which may be required if an agreement cannot be reached between the UK and the EU. Alongside the Treasury Minute, it should write to the Committee to update on the state of negotiations and the operational implications.***

8.1 The government agrees with the Committee’s recommendation.

**Recommendation implemented**

8.2 The government has been in intensive talks with the EU since October 2021 to resolve the challenges with the Northern Ireland Protocol, though remain some distance apart in reaching a negotiated outcome. The government continues to work to prepare for whatever outcome is reached. Ministers will continue to update Parliament on progress, including appearances in front of Select Committees where appropriate.

## Thirty-Seventh Report of Session 2021-22

### HM Revenue and Customs

### HMRC Performance in 2020–21

**Introduction from the Committee**

HMRC is responsible for administering the UK's tax system. For 2020–21, HMRC was responsible for: collecting revenue and managing compliance; improving customer experience; delivering coronavirus (COVID-19) support schemes; supporting the UK's international trade; transforming how it works; and supporting wider government aims. In 2020–21, HMRC raised £608.8 billion of tax revenues, a reduction of £27.9 billion (4.4%) compared to 2019–20. HMRC estimates the yield from its tax compliance activities in 2020–21 was £30.4 billion, 18% below the yield in 2019–20 (£36.9 billion). As well as its traditional responsibilities for tax collection and administering Personal Tax Credits, MRC played a major role in implementing the government's response to the COVID-19 pandemic. In particular, it administered the Coronavirus Job Retention Scheme (CJRS) providing £61 billion in 2020–21 to help firms continue to keep people in employment. And, through the Self-Employment Income Support Scheme (SEISS), it paid £20 billion of grants in 2020–21 to self-employed individuals whose businesses had been 'adversely affected' by the pandemic. HMRC was also responsible for key customs and border-related programmes and preparing for the end of the transition period on 31 December 2020.

Based on a report by the National Audit Office, the Committee took evidence on December 2021 from HMRC. The Committee published its report on 11 February 2022. This is the government's response to the Committee's report.

**Relevant reports**

- NAO report: HM Revenue and Customs annual report and accounts 2020-21
- PAC report: HMRC Performance in 2020-21 – Session 2021-22 (HC 641)

**Government response to the Committee**

***1: PAC conclusion: HMRC's unambitious plans for recovering overpayments of COVID-19 support could lead to government writing off at least £4 billion.***

***1: PAC recommendation: HMRC needs to take a number of actions to reassure parliament and the public that it is serious about tackling error and fraud from the COVID-19 support schemes and is taking all recovery action where it is cost effective to do so. Alongside its Treasury Minute response to this report, HMRC should write to the Committee setting out:***

- ***the analysis it has undertaken, including the costs and benefits, in determining the amount it plans to spend on recovering error and fraud;***
- ***whether its plans mean that it will have pursued all error and fraud where money recovered should exceed the cost which HMRC would incur in doing so;***
- ***where further action would be cost-effective, commit to recovering more of the support payments lost through error and fraud and set out how this will be done;***
- ***commit to reassessing whether its plans are sufficiently ambitious, once it has improved its estimates of error and fraud in 2022.***

1.1 The government agrees with the Committee's recommendation.

**Recommendation implemented**

1.2 Since compliance work commenced on the COVID-19 support schemes, a great deal has been learnt about types and levels of error and fraud. HMRC's pre-payment controls have been more effective than anticipated and the department has not seen the levels of organised crime and criminal attacks originally expected. HMRC has also not seen the level of overall fraud originally anticipated in estimates, and the majority of losses identified been a result of error.

1.3 HMRC has recovered and prevented losses of c.£840 million though all its compliance activity up to end March 2021. In April 2021 HMRC received £100 million to enable it to form the Taxpayer Protection Taskforce (TPT) with 1,265 staff, expected to recover between £800million-£1billion, up to the end of 2022-23.

1.4 Whilst no amount of error and fraud is acceptable, not all money lost to error and fraud is detectable and recoverable. HMRC will continue prioritising the most egregious cases of abuse but have said from the outset that they would not be actively searching for people who have made an honest mistake. If an error is identified in the course of enquiries then HMRC will, however, work with the claimant to put it right.

1.5. HMRC continues to adapt its approach to recover monies in the most cost-effective way and is undertaking a range of new and innovative activity to address risk.

***2: PAC conclusion: HMRC does not understand the reasons for the growth in the cost of research and development tax reliefs including how much is due to abuse.***

***2a: PAC recommendation: HMRC should, in its Treasury Minute response, set down:***

- ***how it will improve its understanding of the cost of research and development tax reliefs; and***

2.1 The government agrees with the Committee's recommendation.

**Target implementation date: Winter 2023**

2.2 HMRC is carrying out further analysis to understand the reasons for the growing cost of Research & Development (R&D) tax relief, including sectoral analysis of the number and average value of claims. HMRC are working closely with the Office for National Statistics (ONS) to better understand why R&D expenditure derived from Corporation Tax returns and that produced by the ONS's Business Enterprise Research and Development Survey are different, which may provide further insight into recent trends in R&D expenditure.

2.3 HMRC's current estimate of the level of R&D error and fraud is 3.6% (£311 million) of the total expenditure cost. HMRC's R&D Mandatory Random Enquiry Programme (MREP) will provide a more robust estimate and will further enhance its understanding of the cost drivers for the relief.

***2b: PAC recommendation: HMRC should, in its Treasury Minute response, set down:***

- ***the reduction in the level of error and fraud it is seeking together with how and when that will happen. This should include clear milestones for this Committee to monitor***

2.4 The government agrees with the Committee's recommendation.

**Target implementation date: Winter 2023**

2.5 Activities are currently underway to address key error & fraud issues, including designing and implementing:

- the package of R&D reform measures announced at Autumn Budget 2021 aimed at tackling abuse and improving compliance (by April 2023), including:
- introducing a cross-cutting team of c50 FTE focused on abuse in partnership with HMRC's Fraud Investigation Service
- requiring all claims to be made digitally, with more detail, endorsed by a named senior officer
- a programme of customer education to improve our upstream compliance programme
- enhancements to HMRC's risk profiling.

2.6 The Mandatory Random Enquiry Programme (MREP) results will be used to further inform the activities undertaken to address key error and fraud issues. This will subsequently enable HMRC to demonstrate that it is achieving a cost-effective error and fraud control environment. This control environment is defined within the NAO Error and Fraud Good Practice Guide as the environment that leads to the lowest level of error and fraud compatible with the policy intent. 2022-23 will be the first year a MREP-based estimate will be reported within HMRC's Annual Report and Accounts.

***3: PAC conclusion: HMRC does not have a convincing plan for restoring compliance activity back to pre-pandemic levels.***

***3: PAC recommendation: HMRC should, alongside its Treasury Minute response, set out:***

- ***how and by when it will have eliminated the backlog of compliance cases; and***
- ***how it will report its performance on deferred cases and new cases, so fair comparisons can be made with its pre-pandemic performance levels.***

3.1 The government agrees with the Committee's recommendation.

**Target implementation date: Autumn 2022**

3.2 HMRC took on significant additional responsibilities during the pandemic, providing essential COVID-19 economic support whilst continuing their core compliance activities. The Covid schemes have helped millions of people and businesses through the pandemic, with HMRC designing and launching the schemes within 6 weeks. The Coronavirus Job Retention Scheme supported 11.7 million jobs and the Self Employment Income Support Scheme supported 2.9 million individuals. Eat Out to Help Out paid out a total of £840 million to participating businesses. HMRC's Customer Compliance Group (CCG) deployed significant numbers of people to support delivery of the Covid schemes across 2020/21, including conducting pre-payment compliance checks and providing support to customers. The average CCG deployment in 20-21 on customer support was 700 FTE, peaking at 3,800 FTE in May 2020 as the COVID support schemes became operational. During the year, CCG also redirected resources towards compliance work on the COVID schemes, starting with pre-payment compliance, then nudges and prompts and post-payment compliance work from September 2020. This helped to recover and prevent c£840 million in overpayments due to customer error and fraud.

3.3 During the pandemic, some customers were struggling to engage with tax compliance checks and HMRC deferred that activity in cases where there would be no tax loss as a result. Of the 65k compliance risks deferred across 42k cases, 52k are now closed, 13k are open and being worked and just 126 remain on hold as a result of COVID. Many customers wanted certainty and proceeded with the check. In instances where HMRC suspected serious, deliberate non-compliance HMRC undertook compliance work in the normal way, wherever possible.

3.4 Noting that HMRC prioritised COVID scheme checks and support during the pandemic, HMRC opened 29% fewer civil compliance cases in 2020-21 than in 2019-20 (256,000 compared to 361,000) and closed 26% fewer cases (250,000 compared with 338,000).

3.5 HMRC continued to open new enquiries:

- where criminal activity was suspected
- where not doing so would have meant missing a deadline preventing HMRC from ever collecting the unpaid tax
- to protect employees (for example cases involving the National Minimum Wage)

3.6 HMRC is already actively working, or has resolved, the vast majority of compliance interventions where action was deferred to support customers during the pandemic. It has recruited a further 4200 FTE in 2021-22 who will complete their training in 2022-23.

3.7 HMRC's approach in 2022-23 will be focussed on maintaining/ reducing the tax gap, protecting society from harm and supporting customers into sustained compliance with their obligations. HMRC's compliance activity will be reported in the publication of Annual Report and Accounts.

***4: PAC conclusion: Resource constraints are limiting HMRC's ability to get the optimum level of compliance yield.***

***4: PAC recommendation: HMRC should, in its Treasury Minute response, set out:***

- ***its analysis, including the costs and benefits, in determining the overall size of its compliance programme; and***
- ***an assessment of the extent to which additional spending would lead to any further increase in tax revenue.***

4.1 The government agrees with the Committee's recommendation.

**Recommendation implemented**

4.2 HMRC are funded to reduce the tax gap through core 'business as usual' funding and additional "spend to raise" funding (for example, in measures announced at Budget). As part of the 2021 Spending Review (SR21), HMRC were allocated an extra £292 million over the next three years to expand their compliance work.

4.3 HMRC's "promote, prevent, respond" compliance strategy means that there is an increasing emphasis on reducing the opportunities for non-compliance before it arises, and reducing reliance on downstream compliance checks to correct non-compliance after it has occurred. Nevertheless, HMRC have benefited from a number of additional investments in operational compliance measures. Overall, since 2015, the government has invested an additional £1.4 billion in HMRC's operational compliance work, which has raised an overall yield of around £13.5 billion in additional tax revenue. Most recently, as announced at the Spring Statement, HMRC are investing £99 million to boost its compliance work to collect more tax revenue from large and mid-sized businesses. This is expected to raise £1.3 billion over the period 2022-2027.

4.4 HMRC also recognise that compliance work has important impacts other than generating yield, including preventing harm, ensuring a level playing field for those who pay their taxes and deterring non-compliance from taking place.

***5: PAC conclusion: It is too easy for taxpayers to be unwittingly lured into tax avoidance schemes.***

***5: PAC recommendation: To reduce the risk of taxpayers getting involved in tax avoidance schemes, HMRC should, in its Treasury Minute response, set down how it will make it easier for taxpayers to identify illegal schemes and the unscrupulous tax agents who promote them***

5.1 The government agrees with the Committee's recommendation.

**Recommendation implemented**

5.2 HMRC continues to build on the strategy outlined in 'Tackling promoters of mass-marketed tax avoidance schemes' published in March 2020. This includes raising awareness and helping taxpayers steer clear of avoidance through targeted communications and early interventions.

5.3 HMRC refreshed their 'Tax avoidance – don't get caught out' campaign in 2021, which helps taxpayers spot tax avoidance schemes, understand the risks from getting involved in avoidance, and get help and further information. HMRC also highlight avoidance schemes through their 'Spotlight' publications and articles in trade press. Since April 2020, HMRC have written to around 33,000 taxpayers who may have entered into a tax avoidance scheme, advising them how to exit the scheme before they build up significant bills.

5.4 HMRC continue to build on their work with professional and partner bodies. In November 2020, HMRC and the Advertising Standards Authority issued a joint Enforcement Notice setting out what promoters should and should not include in advertising. As at October 2021, eleven websites had been shut down and 5 sites amended to comply with the notice.

5.5 In November 2021, HMRC published 'Use of marketed tax avoidance schemes in the UK (2019-20)', which provides information about the state of the UK avoidance market, including what HMRC are doing to tackle those who promote or enable avoidance schemes. New powers introduced in Finance Act 2022 enable HMRC to name promoters and the schemes they promote at the earliest possible stage, to support taxpayers to stay clear of avoidance.

***6: PAC conclusion: Yet again customer service has collapsed and HMRC's recovery plans are not clear.***

***6a: PAC recommendation: HMRC should, in its Treasury Minute response, explain:***

- ***the service levels it is aiming to provide and by when, including for the time taken to answer calls and respond to post, and commit to publishing outturn against these measures;***

6.1 The government agrees with the Committee's recommendation.

**Target implementation date: June 2022**

6.2 HMRC have been working through the stocks of correspondence that built up while the department's resources were deployed on the COVID schemes, whilst keeping helpline service levels stable. Correspondence stock is on track to reduce to around 2 million by the end of Q4, back to pre-pandemic levels and to a level that should enable HMRC to achieve its service standards going forward. Performance across core service lines will have recovered by the start of 2022-23. Some other work areas will continue to recover in Q1 2022-23. HMRC have used some initiatives to help reduce correspondence stock levels; see paragraph 6.15 below for details.

6.3 HMRC's expected performance levels and commitments for 2022-23, agreed with HM Treasury and ministers, will be presented in the Department's Outcome Delivery Plan, to be published early in 2022-23.

6.4 HMRC publish performance data monthly and quarterly. This includes:

- Percentage of Telephony Advisor Attempts Handled (AAH)
- Average Speed of Answer (ASA)
- Customers waiting more than 10 minutes for their telephone call to be answered Correspondence: percentage worked within 15 working days of receipt

6.5 AAH is HMRC's primary telephony performance measure. It shows the percentage of those customers who want to speak to an advisor who get to do so (excludes calls handled by automated systems).

6.6 ASA measures the average time that customers wait for a reply. It captures service levels for customers who join a telephony queue (excludes those played a busy message).

6.7 Customer service on the phones is now measured by combining AAH, NetEasy and Customer Satisfaction; ASA is a supporting measure.

***6b: PAC recommendation: HMRC should, in its Treasury Minute response, explain:***

- ***how it has tested the realism of its customer service plans;***

6.8 The government agrees with the Committee's recommendation.

**Recommendation implemented**

6.9 HMRC planning is based on data from previous years, both pre-pandemic and pandemic, allied with an analysis of future expectations in respect of demand on our customer service provision and productivity, to then calculate expected service delivery outcomes. These plans are tested against the Spending Review 2021 settlement and the resourcing and delivery expectations which flow from that.

6.10 Targets for 2022-23will include a level of challenge/stretch and require HMRC to deliver improvements in the productivity of operational staff and other continuous improvement-led efficiencies.

6.11 During the year, actuals will be reviewed against assumptions and expectations and resources adjusted between business activities to ensure the best outcomes.

***6c: PAC recommendation: HMRC should, in its Treasury Minute response, explain:***

- ***its contingency plans if the numbers of taxpayers writing and calling exceed the forecast levels.***

6.12 The government agrees with the Committee's recommendation.

**Target implementation date: June 2022**

6.13 HMRC monitors demand across all its services on a weekly, monthly and quarterly basis to ensure that staff resources are deployed in the most effective manner. For example, during the recent pandemic HMRC were able to move staff quickly from business-as-usual telephone helplines to cover newly created ones which supported the government's initiatives, including the Coronavirus Job Retention Scheme, Self-Employment Income Support Scheme, Statutory Sick Pay Rebate and Eat Out to Help Out. As demand on these support lines fluctuated during the period, HMRC flexed staff between them and business as usual lines.

6.14 HMRC customer advisors typically work across channels (phones and correspondence). This provides flexibility to manage fluctuations in customer demand.

6.15 From November 2021 to the end of March 2022 HMRC, tried several new initiatives to help to reduce the customer waiting times on correspondence including:

- redeployment of Customs colleagues to VAT
- use of contingent labour
- working of overtime
- pausing Webchat across a number of products (this was part of a wider review of our contact strategy).
- utilising resource from elsewhere in HMRC, for example from other directorates.

6.16 Going forward HMRC will consider adopting some or all of these tried and tested initiatives as necessary.

***7: PAC conclusion: The benefits of Making Tax Digital to those with simple tax affairs are not clear.***

***7: PAC recommendation: HMRC should, in its Treasury Minute response, explain how the introduction of Making Tax Digital will be made easier, and less costly, for taxpayers with the simplest and most straightforward tax affairs.***

7.1 The government agrees with the Committee's recommendation.

**Recommendation implemented**

7.2 Research conducted by HMRC and peer reviewed by independent academics indicates that Making Tax Digital (MTD) for VAT is likely to have generated Additional Tax Revenue (ATR) of a similar magnitude to the Autumn Budget 2021 OBR-certified forecast for 2019-20 of £115 million HMRC have worked hard to minimise the costs and maximise the benefits of MTD. The government's commitment to free software for the MTD Income Tax Self-Assessment (ITSA) service for those with the most straightforward affairs is central to this, removing one of the financial barriers to participating in MTD.

7.3 A study of 2,005 businesses in the VAT service, found the majority reported the transition to Making Tax Digital (MTD) was easy and that they experienced benefits from MTD.

7.4 The government expects users of the MTD for ITSA service will experience similar benefits. While they will provide more updates to HMRC under MTD for ITSA, they are likely to save time through not having to make as many amendments at the end of the year.

7.5 Small businesses make the greatest number of errors contributing to the Tax Gap and account for the largest proportion of ATR that the government expects to see from MTD for ITSA.

7.6 The government understands that the transition to MTD will not be easy for everyone. Working closely with stakeholders, HMRC will continue to improve the support offering to those who may be unrepresented or less digitally capable and provide exemptions for those who cannot go digital.

***8: PAC conclusion: Changed working practices have left HMRC with more office space than it needs.***

***8a: PAC recommendation: HMRC should:***

- ***work with Cabinet Office to draw up a plan for how they intend to make sure that spare HMRC office space is not left vacant, and write to the Committee explaining the plan within 6 months of this report.***

8.1 The government agrees with the Committee's recommendation.

**Target implementation date: Summer 2022**

8.2 HMRC anticipated changes in its office space requirements and negotiated flexibility such as assignment, subletting and sharing of occupation arrangements into its regional centre leases, which are in key locations across the UK. The department will continue to work with the Government Property Agency (GPA) and the Places for Growth Programme in the Cabinet Office to ensure that any surplus office space in staffed buildings across the HMRC estate is not left vacant.

8.3 HMRC will report back to the Committee by the end of July 2022.

***8b: PAC recommendation: HMRC should:***

- ***each quarter report the amount and cost of empty space in its estate.***

8.4 The government disagrees with the Committee's recommendation.

8.5 HMRC have reviewed its space requirements following their shift to hybrid office-home working, to establish any surplus capacity, and will continue to manage this to ensure estate capacity aligns with current and future workforce plans. Where they have identified surplus space, they have had significant success in working with GPA to enable other government departments to occupy the space, for example Cabinet Office will have their second head-office in HMRC's Glasgow hub at 1 Atlantic Square. At appropriate intervals, HMRC will provide GPA/OGP with details of the amount and location of any remaining surplus space in their buildings, to inform the wider Government Estate Plan.

# Thirty-Eighth Report of Session 2021-22

## HM Treasury

### COVID-19 cost tracker update

**Introduction from the Committee**

Shortly after the World Health Organisation declared COVID-19 to be a pandemic on 11 March 2020, government began announcing a series of measures to support public services, workers and businesses. To make decisions and disburse funding more quickly, government relaxed the usual rules over the management of public money and took on significant financial risks which will have implications for future spending decisions. The National Audit Office (NAO) has been collecting and publishing information on the government's COVID-19 response measures on the NAO website in its COVID-19 cost tracker (the cost tracker). The first iteration of the cost tracker was published in September 2020. The NAO updated the cost tracker in January 2021, May 2021 and, most recently, in September 2021. In May 2021, we took evidence on the cost tracker and subsequently published our report COVID 19 Cost Tracker Update, making eight recommendations to government about: the importance of continuing to capture the costs of the pandemic; how an approach similar to that taken by the NAO for the cost-tracker could apply to other large cross-government programmes; and learning lessons from the pandemic.

The cost tracker presents the measures implemented by government in response to the COVID-19 pandemic, the estimated lifetime cost of these measures, and how much has been spent to date. The cost tracker also captures the total value of loans government expects to guarantee or issue, the value of loans guaranteed or issued by government so far and the total amount government estimates that it will lose as a result of loans that it does not expect will be repaid (write-offs). In September 2021, the cost tracker showed that the total cost of government's measures was estimated to be £370 billion, of which £261 billion was reported as having been spent. The total value of loans guaranteed or issued by government so far was estimated to be £129 billion, and the total amount of money associated with these loan schemes that is expected to be written-off was estimated at £21 billion.

Based on a report by the National Audit Office, the Committee took evidence on 17 November 2021 from HM Treasury. The Committee published its report on 23 February 2022. This is the government's response to the Committee's report.

**Relevant reports**

- NAO report: COVID-19 cost tracker – September 2021
- PAC report: COVID-19 cost tracker update – Session 2021-22 (HC 640)

**Government response to the Committee**

***1: PAC conclusion: The COVID-19 cost tracker has increased transparency and helped hold government to account for its funding commitments and spending to date.***

***1: PAC recommendation: As part of its Treasury Minute response, HM Treasury should explain how the strengths it identified from the cost tracker approach, including transparency and accessibility, can be applied to the presentation of other thematic areas of public spending.***

1.1 The government agrees with the Committee's recommendation.

**Target implementation date: Spring 2023**

1.2 The government publishes a wide range of expenditure data:

- Public Expenditure Statistical Analysis (PESA), showing spend by economic and functional category;
- spending figures in the Budget and Spending Review documents, including expenditure limits and thematic ringfenced spend, for example COVID-19 funding;
- Main and Supplementary Estimates, detailing all spending for which the government is seeking parliamentary authority;
- the Infrastructure & Projects Authority's (IPA's) Annual Report on major projects. This includes all projects in the Government Major Projects Portfolio (GMPP);
- standalone reports on areas of significant spend, like the government's Net Zero Strategy;
- departmental reports and accounts, detailing departmental spend, for example 2019-20 thematic expenditure data on preparations for EU Exit; and
- the Whole of Government Accounts, reporting on all areas of spend across the public sector.

1.3 HM Treasury recognises that in some instances, like the COVID-19 pandemic, additional publications may be required. The COVID-19 tracker demonstrated the value of additional public information in cases where: spend can be clearly attributed to a distinct cause, values for that subset of expenditure can be reliably tracked at a proportionate cost, expenditure is rapidly evolving in quantum and scope, and where there is a clear public interest. In these cases, there could be good cause to re-deploy the benefits of the COVID-19 tracker, providing timely and bespoke updates to supplement existing publications.

1.4 HM Treasury plans to apply the benefits of the COVID-19 cost tracker, in due course, to the public spending implications of the UK's response to the invasion of Ukraine.

***2. PAC conclusion: We are concerned that HM Treasury does not intend to adequately monitor and update the ongoing cost of COVID-19 to the taxpayer.***

***2. PAC recommendation: As part of its Treasury Minute response, HM Treasury should explain how, when, and which subsets of the data captured by the NAO in the COVID-19 cost tracker it will continue to update. This should also address how loan book commitments, including those made under the Culture Recovery Fund, and any associated liabilities, such as estimated write-off costs under the Bounce Back Loans Scheme, will be monitored.***

2.1 The government agrees with the Committee's recommendation.

**Target implementation date: Spring 2023**

2.2 HM Treasury (the department) recognises the helpful role the cost tracker has played in improving transparency on the cost of COVID-19, providing timely updates on the nature and scale of spend. The Treasury has therefore committed to continue to conduct a routine review of these costs, where there have been material changes that can be reliably attributed to COVID-19, and to provide public updates.

2.3 These updates will be published annually for the next two years, after which the Treasury will review what is still required given, over time, it will become increasingly difficult to distinguish COVID-19 pandemic spend from business as usual spend. These annual publications will provide updates on, for example, the estimated lifetime cost of loans (including the Bounce Back Loan Scheme and loans through the Culture Recovery Fund). It will also provide updates on the costs of large COVID-19 pandemic specific public services measures, such as vaccines and balance sheet items such as personal protective equipment.

2.4 This annual document will supplement audited figures in departmental annual reports and accounts and other publications, providing a timely update with provisional (unaudited) data.

***3: PAC conclusion: HM Treasury does not yet know how much money has been lost to fraud and error across government's response to COVID-19.***

***3: PAC recommendation: HM Treasury should write to the Committee by the end of the financial year with its estimate of:***

- ***How much taxpayer's money has been lost to fraud and error within schemes introduced in response to the pandemic; and***
- ***How much it expects will be recovered for each pound it spends doing so.***

3.1 The government agrees with the Committee's recommendation.

**Recommendation implemented**

3.2 The department wrote to the Committee on 31 March 2021 to respond to these questions. Each department is responsible for estimating fraud and error in the schemes it administers. The latest estimates are set out in departments' 2020-21 Annual Report and Accounts (ARAs). Updated estimates will be published in the next few months in 2021-22 ARAs.

***4: PAC conclusion: HM Treasury has not set out what lessons it has learnt from the government's response to COVID-19 and how it will apply these in future.***

***4: PAC recommendation: HM Treasury should write to the Committee by the end of the financial year setting out:***

- ***What is has learned from the government's response to the COVID-19 pandemic; and***
- ***What action it is taking to identify and collate learning form across government departments.***

4.1 The government agrees with the Committee's recommendation.

**Recommendation implemented**

4.2 The department wrote to the Committee on 31 March 2021 as part of the letter noted under 3.2 above, outlining lessons and actions that have been taken across public spending, finance and economic support schemes.

# Thirty-Ninth Report of Session 2021-22

## Department for Work and Pensions

### DWP Employment Support: Kickstart Scheme

**Introduction from the Committee**

The Department launched the £1.9 billion Kickstart Scheme in September 2020, as part of its response to the COVID-19 pandemic. It planned for Kickstart to create up to 250,000 jobs that would each last six months, pay at least the minimum wage, and provide at least 25 hours a week of work for young people aged 16–24 who were: on Universal Credit; had little or no income; and whom the Department's front-line work coaches believed were at risk of long-term unemployment. The Department initially planned to put 250,000 people into Kickstart jobs by the end of December 2021. However, more people found non-Kickstart jobs than the Department had expected as the economy opened up during 2021, and as vacancies in the wider economy reached record levels. In October 2021, the Department extended the scheme to allow new Kickstart job starts until the end of March 2021, and now expects to put around 168,000 young people into Kickstart jobs, at a cost of around £1.26 billion.

Based on a report by the National Audit Office, the Committee took evidence on Monday 6 December 2021 from the Department for Work and Pensions. The Committee published its report on 25 February 2022. This is the government's response to the Committee's report.

**Relevant reports**

- NAO report: Employment Support: The Kickstart Scheme – Session 2021-22 (HC 801)
- PAC report: DWP Employment Support: Kickstart Scheme – Session 2021-22 (HC 655)

**Government response to the Committee**

***1: PAC conclusion: The Department launched Kickstart very quickly but at the expense of clear guidance and basic management information.***

***1a: PAC recommendation: The Department should review how it will be able to maintain the administrative processes and relationships it has established in the Kickstart Scheme, so that in a future recession it will be able to ramp up a successor scheme without having to design administrative processes, guidance and management information from scratch. It should write to us with details of this review within six months.***

1.1 The government agrees with the Committee's recommendation.

**Target implementation date: Summer 2022**

1.2 The Department for Work and Pensions (the department) is reviewing successful features of the Kickstart Scheme to include in the wider service provided to claimants, including maintaining elements of the employer account management approach for use through the Way to Work Campaign. This will include details of the design elements, infrastructure, capability and functions which will be retained after the scheme and can be used as a reference source for future government programmes.

***1b: PAC recommendation: The Department should develop and periodically review a 'recession plan', with a set of well-designed policy proposals to rapidly address a surge in unemployment, reflecting evidence and lessons from previous schemes in Great Britain and internationally.***

1.3 The government agrees with the Committee's recommendation.

**Target implementation date: Winter 2022**

1.4 Economic downturns present different challenges and any planning on recession readiness needs to be informed by previous experiences and to be sufficiently agile to respond to the circumstances at any given time. The department has developed high-level principles to ensure that the department is able to respond to changes in the economy, recognising that recessions present different circumstances to address. These principles were applied in response to the expected economic downturn caused by the pandemic. The department will ensure it captures key learning points from Plan for Jobs, including drawing on the challenges and decisions presented through Kickstart in its response to any future economic downturn. The department will keep this under review.

***2: PAC conclusion: Many employers have been frustrated at the slow progress in finding suitable people to fill the Kickstart vacancies they have created.***

***2a: PAC recommendation: The Department should ensure Kickstart jobs are accessible to the people Kickstart is trying to help, and that employers have realistic expectations about the potential candidates.***

2.1 The government agrees with the Committee's recommendation.

**Recommendation implemented**

2.2 The department disagrees with the assertion of the Committee that slow progress was made in finding suitable people to fill Kickstart vacancies. Since the scheme started, around 160,000 Kickstart jobs have been filled by young people, with the final Kickstart jobs started by young people on 31 March 2022. The department expects the number of starts to increase further as employers report the commencement of employment. Kickstart District Account Managers actively engaged many employers and gateway organisations, that help employers get funding to create Kickstart jobs, by supporting them from the application process through to filling approved vacancies. The department has introduced creative and innovative ways to directly engage with employers such as: bespoke employer events, job fairs and attendance in Jobcentres to directly recruit young people and matching young people to jobs on the same day they are referred to the scheme. This approach has proved successful in attracting new employers to the scheme, increasing the range of Kickstart job opportunities and increasing the numbers of participating young people.

2.3 The department has also provided advice to employers from making their job adverts both compliant with Kickstart Scheme criteria to managing their expectations on the likely skills set and experience that most eligible young people would have acquired prior to participation.

2.4 The department also enhanced the functionality on the Find a Job service to both advertise all available Kickstart roles and introduce a self-serve option which allowed customers to match their skills and experience against their preferred jobs. As of January 2022, figures show that, since the scheme's inception in November 2020, an average of 2,051 young people started a Kickstart job each week. In the final quarter of 2021-22 the average job starts have been over 3,000 a week.

***2b: PAC recommendation: The Department should ensure it is able to record and report accurately on basic measures such as the number of people on Universal Credit that are suitable for Kickstart by location and how long it takes for a Kickstart job to be filled, and should write to us with this data within three months.***

2.5 The government disagrees with the Committee's recommendation.

2.6 The department believes the Committee's recommendation is no longer applicable, given that the last Kickstart Scheme participants started their jobs on 31 March 2022.

2.7 The number of young people by specific geographic area, duration on Universal Credit, and conditionality groups is published monthly as part of the Universal Credit Official Statistics – and has been throughout the life of the Kickstart Scheme. The data is available on GOV.UK and Stat-Xplore.

2.8 The department has worked closely with employers to identify suitable Kickstart jobs for eligible young people. Restrictions due to COVID-19 have at times affected the availability of roles and the speed of filling of vacancies. Over the life of the scheme and as restrictions on the economy have been removed, the speed of filling jobs has improved.

***3: PAC conclusion: The Department plans to evaluate Kickstart but has not set out clearly enough the measures of success or reported regularly enough on how the scheme is progressing.***

***3a: PAC recommendation: The Department should set out how, on all its major employment support programmes, it will report progress as it goes along, beginning with Kickstart. It should publish performance data on its programmes on its website on a regular basis, rather than on an ad hoc basis solely as answers to parliamentary questions.***

3.1 The government disagrees with the Committee's recommendation.

3.2 As with the government's response provided to the Employment Support Study recommendations, the department will not be introducing regular statistical publications at this stage given that many of the programmes are about to come to an end. Instead, the department is considering how best it can put information about these schemes into the public domain after their closure and how information is best provided on schemes that will continue for longer.

3.3 The department has been working to improve data collection to support operational planning and policy decisions. As it does so, it has released more information into the public domain over time as the department's understanding of the data, and its confidence in it, increases.

3.4 The department will look to develop an agreed approach as to how often it will publish updated information and the most appropriate method of doing so.

3.5 The department has committed to publishing evaluation findings which will give details on the impact of Kickstart on young people's future employment prospects.

***3b: PAC recommendation: The Department should ensure that plans for frequent and granular reporting are built into the design of future employment support schemes, including any proposals that feature in the 'recession plan' recommended earlier.***

3.6 The government agrees with the Committee’s recommendation.

**Target implementation date: Summer 2022**

3.7 The department’s Major Change Portfolio Office is working with the Infrastructure and Projects Authority on new advice and guidance for business case development. The new guidance will include a recommendation to include the strategy for Data Management and the publication of routine statistics.

***3c: PAC recommendation: The Department should ensure its Kickstart evaluation covers as robustly as possible all of the expected impacts of Kickstart that are given in the business case.***

3.8 The government agrees with the Committee’s recommendation.

**Target implementation date: Spring 2023**

3.9 The department has publicly committed to publication of the evaluation of the Kickstart Scheme once this is complete. It is aiming to publish process evaluation findings in Spring 2023, subject to ministerial approval and associated governance processes and protocols.

3.10 The evaluation is ongoing and includes large scale surveys to capture the views and experiences of Kickstart participants, employers and gateway organisations. It also includes qualitative case-study research in selected Jobcentre Plus districts across Great Britain. The evaluation is considering how experiences and outcomes from the scheme vary and how participants’ and employers’ characteristics, local context and local approaches to delivery have affected experiences.

3.11 The department will continue to evaluate the longer-term outcomes for Kickstart participants after they have completed their six-month jobs. This is part of a robust evaluation of how the Kickstart Scheme has improved employability and chances of sustained employment of those at risk of long-term unemployment in the 16- to 24-year-old age group. The department will use findings to improve current employment support and inform how it will deliver employment support in the future.

***4: PAC conclusion: Work coaches decide which young people will benefit most from Kickstart, but the Department has no way of knowing if they refer the right people to employers.***

***4a: PAC recommendation: The Department should use management information to monitor and manage how work coaches are deciding what support would work best for different claimants.***

4.1 The government agrees with the Committee’s recommendation.

**Recommendation implemented**

4.2 However, the department disagrees with the assertion of the committee that the department has no way of knowing if work coaches are referring the right young people to employers. Management Information is fundamental to the design and implementation of the department's support for customers and to monitor their outcomes. The department uses insights drawn from Management Information to frame and refresh the guidance issued to work coaches.

4.3 The current Quality Assurance Framework assesses appropriate targeting of referrals and Management Information is also used to support performance discussions with work coaches. Work coach discretion is fundamental to the department's approach to supporting people into employment. They are best placed to understand the personal circumstances of the customers on their caseload. Using a tailored approach, work coaches are empowered to identify the right support for the customer, using appropriate interventions to support them either closer to or into work, where they are able to work. In delivering the Kickstart Scheme, the department has used insights and analysis of the characteristics of claimants to refine work coach guidance and leadership engagement about scheme suitability and eligibility.

***4b: PAC recommendation: The Department should also implement our previous recommendation, which it accepted, to publish a full evaluation of how well its work coaches provide employment support and how consistently they apply their judgement, by December 2022.***

4.4 The government agrees with the Committee's recommendation.

**Target implementation date: December 2022**

4.5 As mentioned in the government's response to the referenced Employment Support Study recommendations, the department has developed an approach to further evaluate how effectively work coaches provide employment support. Part of the focus of this work is on developing the evidence base on how the core regime is and has been delivered during the COVID-19 pandemic. The department is now carrying out plans to explore the wider support offer through programmes introduced as part of the Plan for Jobs 'as a system' to inform the department's future delivery strategy. The Kickstart evaluation is just one of these research projects and the department has committed to publishing this once complete.

4.6 As well as looking at the whole system, several pieces of research are being undertaken to support understanding of the effectiveness of individual policies, such as work search reviews and employment programmes offered through Jobcentre Plus. Findings are expected to start becoming available during the course of 2022.

***5: PAC conclusion: The Department does not monitor properly how well employers are supporting Kickstart participants.***

***5: PAC recommendation: The Department should set out clear and specific expectations from employers and Gateways to ensure that Kickstart participants get the experience and the employability support that they have been promised, and it should begin examining a sample of Kickstart placements each month to help ensure that these expectations are being met. The Department should write to us with an update on this work in three months' time.***

***In addition, the Department should ensure that it is able to, and does, claw back employment support costs where the employer has not used the money in line with its expectations, and allow Gateways to withhold the £1,500 employment support until employers demonstrate high quality employability support***

5.1 The government agrees with the Committee's recommendation.

**Target implementation date: Summer 2022**

5.2 Part of the Scheme evaluation is covering the delivery of employability support using employer and gateways surveys. This will provide the department with an overview of employers' compliance to deliver employability support. Any findings which prompt immediate action will be addressed through enhanced communications with employers or potentially increasing operational checks on them. In addition, the department is considering options for undertaking sample checks on employers, which will include whether the employability support is delivered as set out in the employer's grant application. The department expects to complete this options scoping work by the end of Spring 2022 The department is also considering options for recovery of misspent funds.

***6: PAC conclusion: It is not clear how the Department uses Kickstart in tandem with its other employment support to best sustain young people in work.***

***6a: PAC recommendation: The Department should work out the best blend of all the support it offers to help Universal Credit claimants be confident to apply for a job, give each individual the best chance of getting that job, and work with employers to sustain jobs.***

***It should set out the criteria by which it will determine which form of employment support it offers will be most appropriate for different Universal Credit claimants, given their age, needs, skills, and employment history.***

6.1 The government agrees with the Committee's recommendation.

**Recommendation implemented**

6.2 Work coach discretion is fundamental to the department's approach to supporting people into employment. Using a tailored approach, work coaches are empowered to identify the right support for the customer. Young people aged 16-24, receiving Universal Credit and in the intensive work search regime can access the department's Youth Offer. This offers wrap-around support through the 13-week Youth Employment Programme, complemented by joined-up local delivery through the department's Youth Hubs and specialist Youth Employability Coaches.

6.3 Work coaches offer support throughout the Kickstart job, including through voluntary month one and four interventions. At the four-month stage, support is focused on whether the young person will remain with the Kickstart employer, or whether they will be looking for other work. Advice focuses on the most suitable options for the young person following Kickstart job completion, including apprenticeships.

6.4 Through the Way to Work campaign, the department has built on the experience of Kickstart and the many new relationships developed with employers. Many of these employers may have never considered recruiting from Jobcentres before the delivery of the Kickstart Scheme and some are now retaining former Kickstart participants as apprentices or in other full-time roles. The department actively works with employers, both nationally and locally, to understand their recruitment and skills needs across sectors to better tailor support and promote employment schemes and apprenticeships.

6.5 Comprehensive guidance for DWP colleagues assists them in supporting those young people who return to claiming Universal Credit following a Kickstart job. The guidance covers an extensive range of resources available to young people with the aim of moving them into work, building on the experience from their Kickstart job.

***6b: PAC recommendation: In addition, the Department should make sure that either itself, or the Department for Education, talk to all Kickstart employers to make sure they know what other employment schemes they could get involved in, including apprenticeships.***

6.6 The government agrees with the Committee's recommendation.

**Recommendation implemented**

6.7 Responsibility for apprenticeships is a devolved matter. In England, the Department for Education is responsible for apprenticeships. A data sharing agreement agreed in October

2021 enabled the sharing of details of employers participating in both the Kickstart and Apprenticeship Schemes being held by both the Kickstart team and the Department for Education to enable both departments to encourage participation in Kickstart and Apprenticeships. Information has also been provided to Kickstart District Account Managers to communicate to employers. The department works with national stakeholders, local government organisations and local employers to better understand their recruitment and skills needs across individual sectors to tailor support and promote incentives.

6.8 The department is actively working with the Scottish Government to promote the Kickstart Scheme and the Young Person’s Guarantee in partnership to develop opportunities for young people at local level. The department has a partnership agreement with Skills Development Scotland and a joint action plan to work together to contribute to the delivery of an effective employment and skills service in Scotland.

6.9 The department utilised existing Welsh Government funding from Careers Wales to help support young people with access to the appropriate support, based on their individual needs, so they were fully prepared for Kickstart jobs. As Kickstart jobs come to an end, the department works with Careers Wales to support customers to access apprenticeships and other employment opportunities.

# Fortieth Report of Session 2021-22

## HM Treasury

### Excess Votes 2020-21: Serious Fraud office

**Introduction from the Committee**

This Report is part of the framework of control over government spending. Resource based Supply requires Departments to estimate and manage the financial resources they need during each financial year on an accruals basis for commitments to provide services, and on a cash basis to meet commitments as they mature. Parliament authorises Departments' proposed cash spending and use of resources.

HM Treasury is responsible for monitoring and overseeing Departments' compliance with the limits authorised by Parliament and for controlling adjustments to the approved limits during the financial year. If a department needs to adjust its budget during the year it has one opportunity to do so via a Supplementary Estimate, which is approved by Parliament towards the end of the financial year.[1]

Resource-based Estimates reflect accruals and non-cash consumption of resources, such as depreciation. A cash limit is also voted by Parliament together with a non-budget line, through which departments are required to record adjustments to their prior year costs. Parliament expects Departments to stay within the limits they are voted. Any expenditure outside the limits authorised by Parliament potentially undermines parliamentary control over public spending. A breach of any of the budgetary control limits, the cash limit or the non-budget line results in the need for the expenditure to be regularised through the Parliamentary Excess Votes process.

Under Standing Order of the House of Commons number 55(2) (d), the Committee of Public Accounts scrutinises the reasons behind any individual bodies exceeding their allocated resources, and reports to the House of Commons on whether it has any objection to making good the reported excesses. Once the Committee has reported, Statements of Excesses will be presented to Parliament, to be voted into the Supply and Appropriation (Anticipation and Adjustments) Act. The passing of this Act authorises the additional grant by Parliament to regularise the excesses incurred by departments.

Figure 1 below shows the excesses incurred in 2020–21. Parliament is being asked to approve additional budget for the excesses reported in the table.

The Committee took evidence from the Serious Fraud Office on 9 February 2022. The Committee published its report on 22 February 2022. This is the government's response to the Committee's report.

[1] Central Government Supply Estimates 2020–21: Main Supply Estimates for the year ending 31 March 2021, May 2020, HC 293; and Central Government Supply Estimates 2020–21: Supplementary Estimates, February 2021, HC 1227

**Figure 1: Summary of 2020-21 Excesses**

| Department | Resource AME | Non-Budget |
|---|---|---|
| | Excess / Amount to be voted £ | Excess / Amount to be voted £ |
| Local Government Boundary Commission for England | **53,000** | |
| Department for Environment, Food and Rural Affairs | | **141,891,000** |
| Serious Fraud Office | **2,550,000** | |

### Relevant reports

- PAC report: [Excess Votes 2020-21: Serious Fraud Office]– Session 2021-22 (HC 1099)
- [LGBCE Annual Report and Accounts - 2020-21] – (HC 330)
- [DEFRA Annual Report and Accounts 2020-21] – (HC 909)

### Government response to the Committee

***1: PAC conclusion: The Local Government Boundary Commission for England breached its Resource Annually Managed Expenditure Limit by £53,000.***

***1: PAC recommendation: Under the terms of the Standing Order of the House of Commons number 55(2)(d), we recommend that Parliament provides the additional resources by means of an Excess Vote, as set out in Figure 1.***

1.1 The government agrees with the Committee's recommendation.

### Recommendation implemented

1.2 Following the publication of the 2020-21 excesses by the PAC, HM Treasury has laid the Statement of Excesses 2020-21. These excesses were included in the Supply and Appropriation (Anticipation and Adjustments) Act 2022 providing the additional resources by means of an Excess Vote. This received Royal Assent on 15 March 2022.

***2: PAC conclusion: The Department for Environment, Food and Rural Affairs breached its Non-Budget Expenditure Limit by £141.89 million.***

***2: PAC recommendation: Under the terms of the Standing Order of the House of Commons number 55(2)(d), we recommend that Parliament provides the additional resources by means of an Excess Vote, as set out in Figure 1.***

2.1 The government agrees with the Committee's recommendation.

### Recommendation implemented

2.2 Following the publication of the 2020-21 excesses by the PAC, HM Treasury has laid the Statement of Excesses 2020-21. These excesses were included in the Supply and Appropriation (Anticipation and Adjustments) Act 2022 providing the additional resources by means of an Excess Vote. This received Royal Assent on 15 March 2022.

***3: PAC conclusion: The Serious Fraud Office breached its Resource Annually Managed Expenditure by £2.55 million.***

3.1 The government notes the Committee's conclusion.

***4: PAC conclusion: We took evidence from the SFO on 9 February 2022 and raised our concerns over the loss of taxpayer's money arising from its failure in prosecuting this particular case.***

***4a: PAC recommendation: Under the terms of the Standing Order of the House of Commons number 55(2)(d), we recommend that Parliament provides the additional resources by means of an Excess Vote, as set out in Figure 1.***

4.1 The government agrees with the Committee's recommendation.

**Recommendation implemented**

4.2 Following the publication of the 2020-21 excesses by the PAC, HM Treasury has laid the Statement of Excesses 2020-21. These excesses were included in the Supply and Appropriation (Anticipation and Adjustments) Act 2022 providing the additional resources by means of an Excess Vote. This received Royal Assent on 15 March 2022.

***4b: PAC recommendation: The SFO should write to us within a month of receiving the Altman review setting out its response and plans to take the recommendations forward.***

4.3 The government agrees with the Committee's recommendation.

**Target implementation date**: **June 2022**

4.4 The Serious Fraud Office will write to the Committee in response to this recommendation within one month of receiving the Altman review, which is currently expected to conclude in May 2022.

***4c: PAC recommendation: The SFO should also write to us setting out its findings from its own internal review of control failures and the steps it is taking more immediately to address the issues arising from this case.***

4.5 The government agrees with the Committee's recommendation.

**Recommendation implemented**.

4.6 The Serious Fraud Office wrote to the Committee on 23 March 2022 in response to this recommendation.

# Forty-First Report of Session 2021-22

## Department for Business, Energy & Industrial Strategy and HM Treasury

### Achieving Net Zero: Follow up

**Introduction from the Committee**

On 19 October 2021, shortly before the UK hosted the 26th United Nations Climate Change Conference of the Parties in Glasgow (commonly referred to as COP26), government published its overarching Net Zero Strategy. On the same day, it also published related documents including its Heat and Buildings Strategy, Net Zero Research and Innovation Framework, and HM Treasury's Net Zero Review. The overarching Strategy brings together individual sector strategies and is government's most comprehensive articulation to date of its long-term plan for transitioning to a net zero economy. It sets out illustrative scenarios of net zero power use and technology in 2050 and models an indicative trajectory to meet emissions targets up to the Sixth Carbon Budget, which sets an interim emissions target for the period 2033 to 2037.

These scenarios and models demonstrate the uncertainty inherent in a long pathway with an end-state nearly three decades from now, a multitude of interdependencies and interactions within and between sectors on that journey, and the sensitivity of any projections to economic, societal and technological change. The government intends its Strategy to provide confidence to the private sector to invest in research and development, and to upskill existing workforces and provide more jobs. This investment is key to the success of the Strategy: spurring technical innovations and driving down the costs of transition to government and consumers. But there is a lot of work to be done to deliver this step change. The Strategy also sets out how government will coordinate its activities in pursuit of net zero objectives, including how central and local government will work together on key local issues such as transport, waste and recycling, and heat and buildings. It sets out government's targets and ambitions, which will form part of government's annual public update on its progress towards net zero.

In undertaking this inquiry, the PAC took evidence from the Department for Business, Energy & Industrial Strategy (the Department), and HM Treasury, on government's strategy to achieve net zero by 2050 and how this transition to a green economy will be funded.

Based on a report by the National Audit Office, the Committee took evidence on 25 October 2021 and 17 November 2021 from the Department for Business, Energy and Industrial Strategy and HM Treasury. The Committee published its report on 2 March 2022. This is the government's response to the Committee's report.

**Relevant reports**

- NAO report: Achieving Net Zero – Session 2019-2021 (HC 1035)
- PAC report: Achieving Net Zero: Follow Up – Session 2021-22 (HC 642)

**Government response to the Committee**

***1: PAC conclusion: Government has no clear plan for how the transition to net Zero will be funded. Its ability to track its performance against the 2050 target is hampered by vague performance measures, a lack of overall budget or plans to collate and report what it is spending and limited assessment of the cost impact on consumers.***

***1: PAC recommendation: Alongside the Treasury Minute response, the Department and HM Treasury should write to the Committee setting out in detail how it will report progress in implementing its net zero policies, including:***

- ***Specific metrics, including the effects of tax measures such as vehicle and fuel related duties***
- ***How it will use these metrics to track progress against long-term targets on an annual basis, for example by setting interim or annual ambitions; and***
- ***What it will do if progress demonstrates underperformance.***

***The Department and HM Treasury should also set out how it will ensure Parliament can scrutinise the implementation of its net zero policies. We expect this to take the form of annual reports that include the updated costs to 2050 and the amount spent in that year in the public sector to achieve net zero as well as the impact on consumers, households, businesses and local and central government across all sectors and departments and what the expected CO2 reductions will be.***

1.1 The government disagrees with the Committee's recommendation.

1.2 The Department for Business, Energy & Industrial Strategy (the department) and HM Treasury will write to the Committee by Autumn 2022 setting out the processes for reporting the implementation of the government's net zero policies, including to Parliament. This will include reiterating the clear performance metrics we have already committed to report against publicly, and a summary of the internal reporting governance in place to ensure net zero by 2050 remains on track.

1.3 The Net Zero Strategy sets out policies and proposals for decarbonising all sectors of the UK economy to meet our net zero target by 2050. As set out in the Strategy, the government has committed to providing a public update on our implementation progress every year beginning from 2022, which will include:

- Progress against a set of at least 24 clear ambitions and targets across different sectors of the economy – a list that will build over time to incorporate additional Government targets and wider non-government indicators of progress.
- Commentary on contextual changes that might affect the exact pathway to meeting the government's decarbonisation commitments.
- A summary of key areas of progress made against the policies and proposals in this Strategy.

1.4 The annual public report on implementation progress is a new commitment, which lays the groundwork for future reporting, and one which the government is focused on getting right. The government does not think that it is appropriate to commit to publishing additional specific performance metrics now but, in future, the government will consider what additional metrics and reporting might be needed. The government is grateful to the Committee for its continued input as these take shape.

1.5 The government has set out how tax relates to environmental goals in the Net Zero Review and the Prime Minister's 10 Point Plan for a Green Industrial Revolution.

***2: PAC conclusion: Significant uncertainty remains as to whether consumers will rapidly change their behaviours in line with the expectations of government's Net Zero Strategy.***

***2: PAC recommendation: The Department should:***

- ***Include consumer take-up relative to expectations, and how different social groups are being impacted, in its annual progress updates.***
- ***Conduct scenario planning to prepare for and inform situations where consumer take-up falls below expectations.***
- ***Evaluate the causes of any consumer take-up shortfalls, to inform policy responses.***

2.1 The government agrees with the Committee's recommendation.

**Target implementation date: Autumn 2022**

2.2 The Net Zero Strategy sets out how the government will support the public to make green choices, including making the green choice easier, cheaper and clearer. The department's annual progress report 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 decarbonisation commitments – including those related to green choices.
- A summary of key areas of progress made against this pathway and the policies and proposals in the Strategy.

2.3 The department wants to better understand the behavioural factors that need to be considered in the policies required to meet net zero. The Government Chief Scientific Adviser and Government Office for Science will be producing a scenario-based foresight report to understand the system-wide implications of these factors to be published in 2022.

2.4 The department has a published Monitoring & Evaluation Framework (M&E) that policies are expected to adhere to. Where relevant, these evaluations will provide insight into consumer take up and demand of BEIS policies. Examples include the evaluations of the Renewable Heat Incentive (interim report published online), the Green Homes Grant Vouchers evaluation (underway); the Energy Company Obligation evaluation (interim report published online) and the Domestic private rental sector minimum energy efficiency standards evaluation (interim report published online). The department will also work with other government departments to help ensure that they evaluate their carbon reduction policies in line with their department's own M&E strategies/approaches.

***3: PAC conclusion: Government's Net Zero Strategy relies heavily on private investment and innovation driving down costs; however, government has a poor track record of providing investor confidence.***

***3: PAC recommendation: The Department should monitor how quickly technology costs are falling and the levels of private investment it is attracting, and set clear triggers for interventions such as new policies and regulations for when things go off course. The Department should write to the Committee every 12 months with an update on its progress.***

3.1 The government agrees with the Committee's recommendation.

**Target implementation date: Autumn 2022**

3.2 The department welcomes the recommendation to develop our monitoring levels of private investment associated with technology maturity being attracted into Net Zero sectors, taking appropriate and proportionate action to address failures. This includes interventions to provide certainty to investors through the net zero sector roadmaps that sets out the United

Kingdom's policy position and attractiveness of the United Kingdom's business environment, as announced by the Prime Minister. In March and April 2022 government published Automotive , CCUS and Hydrogen Investor Roadmaps as part of a sequence of roadmaps over the course of the year.

3.3 The department estimates that additional capital investment must grow from present levels to an average of £50-60 billion per year through the late 2020s and 2030s. Most of this investment will come from the private sector, meaning it is crucial government builds investor confidence into net zero technologies and infrastructure.

3.4 The policies and spending brought forward in the Net Zero Strategy mean that since the Ten Point Plan, the government has mobilised £26 billion of government capital investment for the green industrial revolution. Through the Ten Point Plan, Net Zero Strategy and the British Energy Security Strategy the government has set out a strong framework for investment with a clear signal to investors in our commitment to net zero by 2050. These strategies will drive an unprecedented £100 billion of private sector investment by 2030 into new British industries including offshore wind and support around 480,000 clean jobs by the end of the decade. Already Bloomberg New Energy Finance (BNEF) estimate around £22.5 billion of new investment was committed in the United Kingdom in 2021 across low carbon sectors (including renewables, hydrogen, carbon capture and storage, nuclear, sustainable materials, energy storage and electrified transport and heat). The 2021 Global Investment Summit saw 18 deals worth £9.7 billion supporting green growth announced, with 2022 seeing a range of investments announced across electric vehicle manufacturing and gigafactories. More recently, the Prime Minister hosted UK-Australia investment roundtable led to investment of £28.5 billion by top Australian investors for clean energy, technology and infrastructure projects across the United Kingdom.

3.5 The government continues to make steps to mobilise private investment, including establishing a new Office for Investment and UK Infrastructure Bank.

***4: PAC conclusion: We are disappointed by government's apparent lack of urgency in clarifying how it will work with local government to achieve net zero.***

***4: PAC recommendation: The Department should urgently provide further clarity on how it intends to work with local government on achieving net zero. This should include how it will:***

- ***Clarify the role it expects local authorities to play in achieving net zero;***
- ***Manage risks around local government's delivery of net zero; and***
- ***Make net zero funding simpler for local government to access and utilise.***

4.1 The government agrees with the Committee's recommendation.

**Target implementation date: Summer 2022**

4.2 In the Net Zero Strategy, the government has already set out how it will work with local government on the issues the Committee have raised.

4.3 The department will do this by creating a Local Net Zero Forum where the department will discuss local net zero issues with local government as it is critical that local government are involved in discussions about their role in net zero.

4.4 The department is in the process of setting the Local Net Zero Forum up and it will have its first meeting by summer 2022.

4.5 The commitment in the Net Zero Strategy is that the government will explore simplifying and consolidating funds which target net zero initiatives at the local level, where this is the most effective approach to making progress on net zero. This is one of the issues the government will discuss in the Forum.

***5: PAC conclusion: We are concerned that neither the private sector nor the civil service yet have the necessary skills to deliver the Net Zero Strategy.***

***5: PAC recommendation: The Department should:***

- ***Set out its strategy for encouraging the private sector workforce to develop the skills needed to achieve net zero, drawing on the recommendations included in the Green Jobs Taskforce.***
- ***Work with the Cabinet Office to perform a comprehensive analysis of the skills needed in the civil service to deliver net zero and fill gaps either through increased cross-departmental working, training or recruitment.***

5.1 The government agrees with the Committee's recommendation.

**Target implementation date: Spring 2023**

5.2 The Net Zero Strategy set out the government's initial response to the Green Jobs Taskforce.

5.3 This includes plans to work with industry to create the skilled workforce needed to deliver our climate targets. This includes green apprenticeships, retraining bootcamps, setting up the Green Jobs Delivery Group with industry, and publishing a climate and sustainability strategy for education and children's' services. For example, heat pump installer training is taking place across the United Kingdom, with numerous providers offering courses. Through the Skills Training Competition, the government spent nearly £6 million on training for tradespeople delivering green home energy improvements.

5.4 The Net Zero Strategy recognises the importance of the Civil Service having the right skills to deliver net zero. It sets out a series of measures – including a new training offer for all civil servants to be rolled out shortly. The recently published Declaration on Government Reform identifies reducing carbon emissions and other elements of net zero as a priority. Other measures include expanding training for Fast Streamers on net zero and embedding net zero in the standards for the Policy Profession, for the first time explicitly recognising that good policy making requires an understanding of the climate impacts of decisions.

5.5 Significant wider work is underway to improve Civil Service skills. An overhaul of Civil Service training was launched in January 2022 that will equip civil servants with the skills and knowledge to deliver the best possible public services, become less reliant on expensive external consultants, and build back stronger, fairer, safer and greener. The new Curriculum and Campus for Government Skills will transform training and development for civil servants from the core knowledge needed at the beginning of their career through to specialist training in areas such as economics, data usage, the physical sciences, and constitutional issues.

***6: PAC conclusion: Increasing focus on its domestic Net Zero Strategy should not detract government from leading global action to tackle climate change.***

***6: PAC recommendation: The Department, together with Defra, should work to increase public awareness of consumption emissions (for example, the carbon footprints of products sold in the UK), so the impact of consumer decisions play a more central role in tackling climate change.***

6.1 The government agrees with the Committee's recommendation.

**Target implementation date: Winter 2024**

6.2 The Net Zero Strategy set out how the government plans to help empower people to make informed choices about the goods and products they buy and services they use by exploring how the government better labels these with their emission intensity and environmental impact. This includes:

- Work with the Financial Conduct Authority to introduce a sustainable investment label
- The use of product labelling to show the durability, repairability and recyclability of products,
- Exploring the evidence base for environmental labelling within food production and disposal,
- The government is taking action to ensure that products are more sustainable, both in relation to their energy efficiency during use and use of materials over their lifetime
- The government is exploring updating and expanding 'Ecodesign' product regulation which sets minimum requirements to phase out the least energy and resource efficient products from the market.

6.3 In December 2021, the government published a Call for Evidence ‘Towards a market for low emissions industrial products’ to explore policy options to grow the market for lower emissions products, with a view to potential introduction as early as 2025.

6.4 In March 2022, the government established a cross-government Ecolabelling Group to enable a joined-up approach to ecolabelling. The group aims to ensure the public receive clear and easy, consistent and transparent messaging on a range of products and services, to maximise alignment and efficiencies, and to enable best use of ecolabelling within a broader set of policy measures.

# Forty-Second Report of Session 2021-22

## Department for Education

### Financial sustainability of schools in England

**Introduction from the Committee**

In January 2021, there were more than 20,200 mainstream (primary and secondary) state schools in England, educating 8.2 million pupils aged four to 19 years old. Around 11,400 of these schools (56% of the total), with 3.6 million pupils, were maintained schools, which are funded and overseen by local authorities. The remaining 8,900 schools (44%) were academies, with 4.5 million pupils. Each academy school is part of an academy trust, directly funded by the Department for Education (the Department) and independent of the relevant local authority.

The Department is responsible for the school system and is ultimately accountable for securing value for money from the funding provided for schools. It works with the Education and Skills Funding Agency (the ESFA), which distributes funding for schools and provides assurance about how the money has been used. It oversees the financial health of schools and has a number of programmes to help schools manage their resources effectively and reduce costs.

In 2020–21, the Department provided mainstream schools with core revenue funding of £43.4 billion. Although the Department's total funding for schools increased by 7.1% in real terms between 2014–15 and 2020–21, the growth in pupil numbers meant that real terms funding per pupil rose by 0.4%. Funding per pupil dropped in real terms each year between 2014–15 and 2018–19, before rising in 2019–20 and 2020–21. The Department estimates that, between 2015–16 and 2019–20, cost pressures on mainstream schools exceeded funding increases by £2.2 billion, mainly because of rising staff costs. Based on increases in the core schools budget announced by the Government in 2019, total and per pupil funding for mainstream schools was expected to rise by around 4% in real terms between 2020–21 and 2022–23. In the 2021 Spending Review, the Government announced that it would provide an additional £4.7 billion by 2024–25 for the core schools budget in England, over and above the Spending Round 2019 settlement for schools in 2022–23

Based on a report by the National Audit Office, the Committee took evidence on 8 December 2021 from the Department for Education and the Education and Skills Funding Agency. The Committee published its report on 4 March 2022. This is the government's response to the Committee's report.

**Relevant reports**

- NAO report: Financial sustainability of schools in England – Session 2021-22 (HC 802)
- PAC report: Financial Sustainability of Schools in England – Session 2021-22 (HC 650)

**Government response to the Committee**

***1: PAC conclusion: The Department does not understand well enough why there is so much geographical variation in maintained schools' financial health and why maintained secondary schools are under particular financial pressure.***

***1: PAC recommendation: The Department should thoroughly investigate the geographical variation in in the financial health of maintained schools, determine the underlying causes and decide whether some schools or local areas need extra support from 2022–23 to be sustainable.***

1.1 The government agrees with the Committee's recommendation.

**Target implementation date: March 2023**

1.2 The national funding formula (NFF), introduced in 2018-19, distributes funding to schools fairly, regardless of geographical location. The formula does not discriminate between maintained schools and academies. The formula is updated annually based on schools' and pupils' characteristics.

1.3 It is local authorities' responsibility to supervise maintained schools, and the Department for Education (the department) expects local authorities to closely monitor maintained schools in financial difficulty, taking action as necessary under their local schemes.

1.3 The department annually publishes information on the reserves of maintained schools, based on schools' Consistent Financial Reporting (CFR) returns, including analysis of reserves in different phases, and a local authority level breakdown. The latest statistics show a smaller proportion of maintained schools in deficit in 2020-21 compared to 2019-20. The percentage of secondary schools in deficit reduced from 27% to 19% in 2020-21.

1.4 The department monitors variations in phases and will collect perspectives on financial health and explanatory factors from local authority-maintained schools in different geographical areas. The department's School Resource Management programme is available to schools, allowing them to access available tools and support. The expertise of School Resource Management Advisors (SRMAs) can be deployed to help local authorities and their schools identify opportunities to make better use of their funding. The department will continue to engage and support those local authorities, with schools in deficits, to request Action Plans and offer SRMA expertise to understand and provide advice on addressing these deficits.

***2: PAC conclusion: The large reserves that some academy trusts are building up mean that a significant amount of funding is not being spent on educating pupils currently in school.***

***2: PAC recommendation: The Department should:***

- ***write to us, within one month of this report being published, with details of the specific actions it has taken where it has concerns about academy trusts holding significant reserves; and***
- ***investigate those academy trusts with reserves equivalent to more than 20% of their income to establish whether the reserves are justified (including the extent to which they are designated for specific purposes), and write to us within six months with an update on the results of this work and any action it plans to take.***

2.1 The government agrees with the Committee's recommendation.

**Target implementation date: July 2022**

2.2 The department wrote to the Committee on 23 March about academy trusts holding large reserves.

2.3 The government agrees that academy trusts should be using their resources for the benefit of their pupils through prudent financial planning. The Academy Trust Handbook requires trusts to have a reserves policy, and a clear plan for managing long term substantial reserves, in their annual accounts. In response to the Committee's recommendation, the department will take forward two activities:

- it is further strengthening the data it requires from academy trusts and its ability to test and challenge the robustness of their financial reserves plans. The department is planning to use the next Budget Forecast Return (BFR) in July 2022 to seek information from trusts with reserves over 20% of income about their plans for these funds. Using this existing return should reduce any burden on trust staff in submitting this additional information and enable the department to link it directly into existing ways of working, and

- it is exploring further guidance to help academy trusts strike the right balance between holding sufficient reserves to ensure their schools' financial health and the ability to fund significant future investment, without holding back too much that could otherwise be used to benefit current pupils. Through this process, the department will build on the existing Charity Commission guidance and set out potential parameters, alongside good practice, with clear expectations of academy trusts. The department will engage with stakeholder groups in developing this guidance to ensure it takes account of a wide range of trust views.

***3: PAC conclusion: We are concerned that financial pressures faced by schools could damage children's education.***

***3: PAC recommendation: In carrying out its research, the ESFA should collect sufficient reliable evidence on the impact of financial pressures on schools at local level, including on whether they are leading to schools narrowing their curriculum and reducing staffing.***

***The department should set out, in its Treasury Minute response, when it plans to publish the results of ESFA's research.***

3.1 The government agrees with the Committee's recommendation

**Target implementation date: March 2023**

3.2 The department (rather than the ESFA) will commission research on how a sample of schools has experienced and responded to previous financial pressures and on the anticipated impact of the additional funding announced for schools. The sample will be broadly representative of school types (local authority-maintained; Single Academy Trusts; schools in Multi-Academy Trusts); phase (primary/secondary); proportions of disadvantaged pupils and those with Special Education Needs and Disabilities (SEND); and area deprivation. The research is likely to be based on semi-structured interviews with school leaders and school business professionals, which will involve asking objective questions about the anticipated impact of the additional funding announced for schools and whether financial pressures have been experienced, when and in what circumstances, what the effects have been (including whether their curriculum breadth and staffing levels were affected) and how the school sought to manage the pressures.

3.3 The research will take place in schools early in the 2022-23 academic year (ie October-November 2022) with analysis and reporting completed by end-January 2023 and publication expected by end-March 2023. Starting the research earlier would carry a risk that financial pressures associated with current increases in the costs of living would be missed.

***4. PAC conclusion: While we wait for the much-delayed SEND review, the support system continues to fail many children and remains financially unsustainable.***

***4: PAC recommendation: The Department should set out in the SEND review (which it has committed to publish in the first quarter of 2022) what improvements it is aiming to achieve and over what time period, and make clear what specific metrics it will use to assess whether the support system is improving and becoming more sustainable.***

4.1 The government agrees with the Committee's recommendation

**Recommendation implemented**

4.2 The government published the outcome of the SEND Review in the Special Educational Needs and Disability and Alternative Provision Green Paper - SEND Review: Right Support, Right place, Right time on 29 March 2022. The consultation on the Green Paper will close on 1 July 2022.

4.3 Later in 2022 the department will publish a national SEND delivery plan, setting out the government's response to the consultation and how change will be implemented and by whom to deliver better outcomes for children and young people.

4.4 The Parliamentary Under-Secretary of State for Children and Families, wrote to the Committee about the Green Paper on 28 March 2022.

## Treasury Minutes Archive[2]

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: 287
Recommendations agreed: 266 (93%)
Recommendations disagreed: 21

| 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 649 |
| April 2022 | Government response to PAC reports 36-42 | CP 667 |

### 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 |

[2] 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<br>Session 2016-17: updates on 3 PAC reports<br>Session 2017-19: updates on 33 PAC reports<br>Session 2019: updates on 2 PAC reports<br>Session 2019-21: updates on 47 PAC reports<br>Session 2021-22: updates on 5 PAC reports | CP 549 |
| May 2021 | Session 2010-12: updates on 1 PAC report<br>Session 2013-14: updates on 1 PAC report<br>Session 2015-16: updates on 0 PAC reports<br>Session 2016-17: updates on 4 PAC reports<br>Session 2017-19: updates on 47 PAC reports<br>Session 2019: updates on 2 PAC reports<br>Session 2019-21: updates on 28 PAC reports | CP 424 |
| November 2020 | Session 2010-12: updates on 1 PAC report<br>Session 2013-14: updates on 1 PAC report<br>Session 2015-16: updates on 0 PAC reports<br>Session 2016-17: updates on 7 PAC reports<br>Session 2017-19: updates on 73 PAC reports<br>Session 2019: updates on 2 reports | CP 313 |
| February 2020 | Session 2010-12: updates on 2 PAC reports<br>Session 2013-14: updates on 1 PAC report<br>Session 2015-16: updates on 3 PAC reports<br>Session 2016-17: updates on 14 PAC reports<br>Session 2017-19: updates on 71 PAC reports | CP 221 |
| March 2019 | Session 2010-12: updates on 2 PAC reports<br>Session 2013-14: updates on 4 PAC reports<br>Session 2014-15: updates on 2 PAC reports<br>Session 2015-16: updates on 7 PAC reports<br>Session 2016-17: updates on 22 PAC reports<br>Session 2017-19: updates on 46 PAC reports | CP 70 |
| July 2018 | Session 2010-12: updates on 2 PAC reports<br>Session 2013-14: updates on 4 PAC reports<br>Session 2014-15: updates on 2 PAC reports<br>Session 2015-16: updates on 9 PAC reports<br>Session 2016-17: updates on 38 PAC reports<br>Session 2017-19: updates on 17 PAC reports | Cm 9668 |
| January 2018 | Session 2010-12: updates on 2 PAC reports<br>Session 2013-14: updates on 5 PAC reports<br>Session 2014-15: updates on 4 PAC reports<br>Session 2015-16: updates on 14 PAC reports<br>Session 2016-17: updates on 52 PAC reports | Cm 9566 |
| October 2017 | Session 2010-12: updates on 3 PAC reports<br>Session 2013-14: updates on 7 PAC reports<br>Session 2014-15: updates on 12 PAC reports<br>Session 2015-16: updates on 26 PAC reports<br>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<br>Session 2013-14: updates on 5 PAC reports<br>Session 2014-15: updates on 7 PAC reports<br>Session 2015-16: updates on 18 PAC reports | Cm 9407 |
| July 2016 | Session 2010-12: updates on 6 PAC reports<br>Session 2012-13: updates on 2 PAC reports<br>Session 2013-14: updates on 15 PAC reports<br>Session 2014-15: updates on 22 PAC reports<br>Session 2015-16: updates on 6 PAC reports | Cm 9320 |
| February 2016 | Session 2010-12: updates on 8 PAC reports<br>Session 2012-13: updates on 7 PAC reports<br>Session 2013-14: updates on 22 PAC reports<br>Session 2014-15: updates on 27 PAC reports | Cm 9202 |
| March 2015 | Session 2010-12: updates on 26 PAC reports<br>Session 2012-13: updates on 17 PAC reports<br>Session 2013-14: updates on 43 PAC reports | Cm 9034 |
| July 2014 | Session 2010-12: updates on 60 PAC reports<br>Session 2012-13: updates on 37 PAC reports | Cm 8899 |
| February 2013 | Session 2010-12: updates on 31 PAC reports | Cm 8539 |

978-1-5286-3314-7
E02744636