



Treasury Minutes Progress Report

Update of the Government responses to the Committee of Public Accounts on Sessions 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-19, 2019, 2019-21 and 2021-2022

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

June 2022

CP 691



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ISBN 978-1-5286-3442-7

E02757434 06/22

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.

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

Parliamentary Session	Page
Session 2010-12	2
Session 2012-13	5
Session 2013-14	7
Session 2014-15	14
Session 2015-16	16
Session 2016-17	18
Session 2017-19	21
Session 2019	83
Session 2019-21	84
Session 2021-22	171

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

This is the 16th edition in the series of progress reports since Session 2010-12. Further details of earlier responses to the Committee's recommendations can be found within the reports listed under the relevant reports heading for each report.

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

Reports completed

#	Report Title
1	Support to incapacity benefits claimants through pathways to work
2	Delivering multi-role tanker aircraft capability
3	Tackling inequalities in life expectancy in areas with the worst health and deprivation
4	Progress with value for money savings and lessons for cost reduction programmes
5	Increasing passenger rail capacity
6	Cafcass's response to increased demand for its services
7	Funding the development of renewable energy technologies
8	Customer First Programme: delivery of student finance
9	Financing PFI projects in the credit crisis and the Treasury's response
10	Managing the defence budget and estate
11	Community Care Grant
12	Central Governments use of consultants and interims
13	Department for International Development's bilateral support to primary education
14	PFI in housing and hospitals
15	Educating the next generation of scientists
16	Ministry of Justice Financial Management
17	Academies Programme
18	HM Revenue and Customs 2009-10 Accounts
19	M25 Private Finance Contract
20	OFCOM: the effectiveness of converged regulation
21	Youth justice system in England and Wales: reducing offending by young people
22	Excess Votes 2009-10
23	Major Projects Report 2010
24	Delivering the cancer reform strategy
25	Reducing errors in the benefits system

26	Management of NHS hospital productivity
27	Managing civil tax investigations
28	Accountability for public money
29	BBC's management of its digital media initiative
30	Management of the Typhoon Project
31	Asset Protection Scheme
32	Maintaining financial stability of UK banks: update on the support schemes
33	NHS Landscape Review
34	Immigration: the points-based system – work routes
35	Procurement of consumables by NHS acute and Foundation Trusts
36	Regulating financial sustainability in higher education
37	Departmental Business Planning
38	Impact of the 2007-08 changes to public service pensions
39	Intercity East Coast passenger rail franchise
40	Information and communications technology in Government
41	Regulating Network Rails efficiency
42	Getting value for money from the education of 16-18 year olds
43	Use of information to manage the defence logistics supply chain
44	Lessons from PFI and other projects
45	National programme for IT in the NHS: an update
46	Transforming the NHS ambulance services
47	Reducing the costs in the Department for Work and Pensions
48	Spending reduction in the Foreign and Commonwealth Office
49	Efficiency and Reform Group's role in improving public sector value for money
50	Failure of the FiRe Control Project
51	Independent Parliamentary Standards Authority
52	Department for International Development Financial Management
53	Managing high value capital equipment in the NHS in England
54	Protecting consumers: the system for enforcing consumer law
55	Formula funding of local public services

56	Providing the UK's carrier strike capability
57	Oversight of user choice and provider competition in care markets
58	HM Revenue and Customs: PAYE, tax credit debt and cost reduction
59	Cost effective delivery of an armoured vehicle capability
60	Achievement of Foundation Trust status by NHS hospital trusts
61	HM Revenue and Customs 2010-11 Accounts: tax disputes
62	Means Testing
63	Preparations for the roll-out of smart meters
64	Flood risk management in England
65	Department for International Development: transferring cash and assets to the poor
66	Excess Votes 2010-11
67	Whole of Government Accounts 2009-10
68	Major Projects Report 2011
69	Report number not used by the Committee
70	Oversight of special education for young people aged 16-25
71	Reducing costs in the Department for Transport
72	Services for people with neurological conditions
73	BBC's Efficiency Programme
74	Preparations for the 2012 London Olympic and Paralympic Games
75	Ministry of Justice Financial Management
76	Department for Business: reducing bureaucracy in further education in England
77	Reorganising central Government bodies
78	CQC: regulating the quality and safety of health and adult social care
79	Accountability for public money
80	Cost reduction in central Government: summary of progress
81	Equity investment in privately financed projects
82	Education: accountability and oversight of education and children's services
83	Child Maintenance and Enforcement Commission: structured cost reduction
84	Adult Apprenticeships

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

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

Reports completed

#	Report Title
1	Government Procurement Card
2	Mobile technology in policing
3	Efficiency & reform in Government corporate functions through shared service centre
4	Completion and sale of High-Speed 1
5	Regional Growth Fund
6	Renewed alcohol strategy
7	Immigration: the points-based system – student route
8	Managing early departures in central Government
9	Preparations for the London 2012 Olympic and Paralympic Games
10	Implementing the transparency agenda
11	Improving the efficiency of central government office property
12	Off payroll arrangements in the public sector
13	Financial viability of the housing sector: introducing Affordable Home Programme
14	Assurance for major projects
15	Preventing fraud in contracted employment programmes
16	Securing the future financial sustainability of the NHS
17	Management of diabetes in the NHS
18	Creation and sale of Northern Rock
19	HMRC Annual Report and Accounts 2011-12
20	Offshore electricity transmission: a new model for delivery infrastructure
21	Ministry of Justice language service contract

22	BBC: Off payroll contracting and severance package for the Director General
23	Contract management of medical services
24	Nuclear Decommissioning Authority: managing risk at Sellafield
25	Funding for local transport: an overview
26	Multilateral Aid Review
27	HM Treasury Annual Report and Accounts 2011-12
28	Franchising Hinchingsbrooke Health Care Trust / Peterborough & Stamford Hospitals
29	Tax avoidance: tackling marketed avoidance schemes
30	Excess Votes 2011-12
31	Lessons from cancelling the Intercity West Coast franchise competition
32	Managing the defence inventory
33	Work Programme outcome statistics
34	Managing budgeting in Government
35	Restructuring the National Offender Management Service
36	HM Revenue and Customs customer service
37	Whole of Government Accounts 2010-11
38	Managing the impact of housing benefit reform
39	Progress in making NHS efficiency savings
40	London 2012 Olympic and Paralympic Games: post games review
41	Managing the expansion of the Academies Programme
42	Planning economic infrastructure
43	Report number not used by the Committee
44	Tax avoidance: the role of large accountancy firms

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

Updates on reports with outstanding recommendations

#	Report Title	Page
11	Managing NHS hospital consultants	10

Reports completed

#	Report Title
1	Equipment Plan 2012-2022 and Major Projects Report 2012
2	Early Action Landscape Review
3	Financial Sustainability of Local Authorities
4	Tax Credits error and fraud
5	Responding to change in Jobcentres
6	Improving Government procurement and the impact of Governments ICT savings initiatives
7	Cup Trust and tax avoidance
8	Regulating consumer credit
9	Tax avoidance – Google
10	Redundancy and severance payments
12	Capital funding for new school places
13	Civil Service Reform
14	Integration across Government / Whole Place Community Budgets
15	Provision of the out of hours GP service in Cornwall
16	FiReControl – update report
17	Administering the Equitable Life Payment Scheme
18	Carrier Strike: the 2012 reversion decision
19	Dismantled National Programme for IT in the NHS
20	BBC's move to Salford
21	Police procurement
22	High Speed 2 – a review of early programme preparation
23	Progress in tackling tobacco smuggling
24	Rural Broadband Programme

25	Duchy of Cornwall
26	Progress in delivering the Thameslink Programme
27	Charges for Customer telephone lines
28	Fight against Malaria
29	New Homes Bonus
30	Universal Credit – early progress
31	Border Force – securing the future
32	Whole of Government Accounts 2011-12
33	BBC severance packages
34	HMRC Tax Collection: Annual Report and Accounts 2012-13
35	Access to clinical trial information and the stockpiling of Tamiflu
36	Confidentiality clauses and special severance
37	Supporting UK exporters overseas
38	Improving access to finance for small and medium sized enterprises
39	Sovereign Grant
40	Maternity services in England
41	Gift Aid and other tax reliefs on charitable donations
42	Regulatory effectiveness of the Charity Commission
43	Progress at Sellafield
44	Student Loan repayments
45	Excess Votes 2012-13
46	Emergency admissions – managing the demand
47	Contracting out public services to the private sector
48	Local Council Tax support
49	Confiscation Orders
50	Rural Broadband Programme
51	Programmes to help families facing multiple challenges
52	BBC Digital Media Initiative
53	Managing the prison estate
54	COMPASS – provision of asylum accommodation

55	NHS waiting times for elective care in England
56	Establishing free schools
57	Ministry of Defence Equipment Plan 2013-2023 and major Projects Report 2013
58	Probation Landscape Review
59	Criminal Justice System
60	Promoting economic growth locally
61	Education Funding Agency and the Department for Education 2012-13 Financial Statements

Eleventh Report of Session 2013-14

Department of Health and Social Care

Managing NHS hospital consultants

Introduction from the Committee

NHS consultants, the majority of which work in hospitals, treat patients, manage clinical work in hospitals and undertake work that benefits the NHS (for example, training future doctors). At September 2012, the NHS employed 40,394 consultants (38,196 on a full time equivalent basis) across a range of speciality areas, making up 4% of the NHS workforce. In 2011-12, the total employment cost of consultants was £5.6 billion, some 13% of NHS employment costs.

In October 2003, the Department introduced a new consultant contract with an explicit objective of increasing consultants' pay. In return the contract was intended to provide: a new career structure and remuneration package for consultants; a stronger contract framework to allow managers to better plan consultants' work; and better arrangements for consultants' professional development. By 2012, an estimated 97% of consultants were on the contract.

Relevant reports

- NAO report: [Managing NHS hospital consultants](#) – Session 2012-13 (HC 885)
- PAC report: [Managing NHS hospital consultants](#) - Session 2013-14 (HC 358) (incorporating HC 1030 of Session 2012-13)
- [Treasury Minutes](#): September 2013 (Cm 8697)
- [Treasury Minutes Progress Report](#): March 2015 (Cm 9034)
- [Treasury Minutes Progress Report](#): July 2016 (Cm 9320)
- [Treasury Minutes Progress Report](#): October 2017 (Cm 9506)
- [Treasury Minutes Progress Report](#): January 2018 (Cm 9566)
- [Treasury Minutes Progress Report](#): July 2018 (Cm 9668)
- [Treasury Minutes Progress Report](#): March 2019 (CP 70)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): Correspondence published 30 June 2021
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Government response to the Committee

Following the government's last response to the Committee on this report: (CP59 above), the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2022

Original target implementation date: From 2015

1.2 The Department of Health and Social Care (the department's) intention remains the introduction of amended contractual arrangements for consultants to help increase productivity. Consultants take a central role in improving productivity, including through their roles in wider multi-disciplinary teams. Any changes would likely need to be delivered through joint negotiations, these require all parties to agree to partake and then to reach collective agreement. The department is currently considering options for negotiations to the consultant contract in autumn. This preparation is including document analysis, stakeholder engagement and financial scoping exercises.

1.3 Furthermore, while negotiations with the British Medical Association (BMA) and (Hospital Consultants and Specialists Association) HCSA did not secure the approval necessary to take the Framework Agreement forward to a member ballot, this has instead resulted in the follow-on arrangements already set out within the consultant contract coming into effect from April 2022. These arrangements allow employers a significant degree of local flexibility to run their Local Clinical Excellence Award (LCEA) schemes to suit their own priorities. In the absence of a national framework, the department will continue to work with NHS Employers to support and encourage best practice.

1.4 In addition to contractual reform, the national [Getting it Right First Time](#) programme is continuing to improve medical care in the NHS by lowering unwarranted variations in the methods of service delivery. The programme is clinician-led and assesses surgical and medical specialties, sharing best practices. It identifies changes to improve care as well as patient outcomes, delivering efficiencies to make the best use of consultant time. For example, one of its pilot programmes was found leads to better outcomes for patients with diabetes undergoing surgery.

2: PAC conclusion: The contract does not facilitate the provision of around-the-clock care and trusts continue to pay too much to secure work above contracted levels.

2: PAC recommendation: In order to improve services for patients, the department must ensure that any future contract is flexible enough to allow seven day working and should set a maximum limit on payments for additional work.

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2022

Original target implementation date: April 2016

2.2 There have already been extensive discussions between NHS Employers and the BMA on contractual changes to support the delivery of a seven-day service for patients who have urgent and emergency care hospital requirements. These have included looking at making the contract more amenable for relevant specialities as well as individuals with the most challenging working patterns.

2.3 Any changes would likely need to be delivered through joint negotiations, these require all parties to agree to partake and then to reach collective agreement. The department is considering options to further such discussions and has started to undertake the necessary preparatory work towards this. It remains the DHSC's aim that consultants will be paid their contractual rates for all NHS work.

4: PAC conclusion: Consultants' performance is not managed effectively.

4: PAC recommendation: All trusts should improve the value for money of consultants by linking the achievement of job plan objectives and good clinical outcomes with the appraisal process and pay progression.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2022

Original target implementation date: April 2016

4.2 While an agreement was not reached with the BMA and HCSA on reforming the LCEAs, the follow-on arrangements already set out within the consultant contract came into effect in April 2022. These arrangements allow employers a significant degree of local flexibility to run their LCEA schemes to suit their own priorities. In the absence of a national framework, the department will continue to work with NHS Employers to support and encourage best practice.

4.3 Furthermore, mandatory revalidation continues to engage doctors in a process that provides a framework for continuous improvements on the quality of their practice.

5: PAC conclusion: Clinical Excellence Awards do not always reflect exceptional performance.

5: PAC recommendation: The Department must review the criteria for giving a Clinical Excellence Award to make sure it truly reflects exceptional performance above the norm and introduce more routine reviews of awards already made.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 With the department committed to taking forward the [2012 Review Body on Doctors' and Dentists' Remuneration \(DDRDB\) report's](#) recommendations on national Clinical Excellence Awards (CEAs), on 26 January 2022, the government published its joint response to the consultation. The response also sets out the confirmed new scheme design.

5.3 In summary the reforms (in England) will:

- Re-structure the award levels. In England, the new scheme will operate as a 3-level award system: National 1 (lowest), National 2 and National 3 (highest).
- Refresh the assessment domains. The current assessment domains will be developed, combining Domains 1 and 2 and introducing a new fifth domain.
- Simplify the application process. A single level application process will be introduced with self-nomination being retained.
- Remove pro-rated awards. Those working Less Than Full Time (LTFT) will no longer have their award payments pro-rated.
- Remove the renewals process. The renewals process will not continue in the new scheme; awards will be held for a total of 5 years, at which point applicants will need to re-apply.
- Remove the pensionability of awards. Awards will no longer be pensionable or consolidated.
- Simplify the process for employers.

5.4 These reforms aim to broaden access to the scheme, make the application process fairer and more inclusive, and ensure the scheme rewards and incentivises excellence across a broader range of activity and behaviour.

5.5 A [consultation document](#) published on 24 March 2021 set out proposed reforms to the national Clinical Excellence Award scheme that aim to capture these recommendations and consider the views of other stakeholders and wider evidence (such as the recent [Gender Pay](#)

[Gap in Medicine Review](#)). The consultation closed on 16 July 2021 and received over 400 responses from individuals, professional bodies, specialist societies and Medical Royal Colleges and Academies.

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

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

Reports completed

#	Report Title
1	Personal Independence Payment
2	Help to Buy equity loans
3	Tax reliefs
4	Monitor: regulating NHS Foundation Trusts
5	Infrastructure Investment: the impact on consumer bills
6	Adult social care in England
7	Managing debt owed to central Government
8	Crossrail
9	Whistleblowing
10	Major Projects Authority
11	Army 2020
12	Update on preparations on smart metering
13	Local government funding – assurance to Parliament
14	DEFRA: oversight of three PFI waste projects
15	Maintaining strategic infrastructure: roads
16	Early contracts for renewable electricity
17	Child Maintenance 2012 Scheme: early progress
18	HMRC progress in improving tax compliance and preventing tax avoidance
19	Centre of Government
20	Reforming the UK border and immigration system
21	Work Programmes
22	Out of hours GP services in England
23	Transforming contract management
24	Procuring new trains
25	Funding healthcare – making allocations to local areas
26	Whole of Government Accounts
27	Housing benefit fraud and error

28	Lessons from major rail infrastructure programmes
29	Foreign National Offenders
30	Managing and replacing the Aspire contract
31	16-18-year-old participation in education and training
32	School oversight and intervention
33	Oversight of the Private Infrastructure Development Group
34	Financial sustainability of local authorities
35	Financial sustainability of NHS bodies
36	Implementing reforms to civil legal accountancy firms
37	Planning for the Better Care Fund
38	Tax avoidance: the role of large accountancy firms (follow up)
39	UK's response to the outbreak of Ebola virus disease in West Africa
40	Excess Votes 2013-14
41	Financial support for students at alternative higher education providers
42	Universal Credit
43	Public Health England's grant to local authorities
44	Children in care
45	Progress in improving cancer services and outcomes in England
46	Update on Hinchingsbrooke Health Care NHS Trust
47	Major projects Report 2014 and the Equipment Plan 2014 to 2024 and reforming defence acquisition
48	Strategic flood risk management
49	Effective management of tax reliefs
50	Improving tax collection
51	Care services for people with learning disabilities and challenging behaviour
52	Work of the Committee of Public Accounts
53	Inspection in home affairs and justice

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2015-16

Reports completed

#	Report Title
1	Financial sustainability of police forces in England and Wales
2	Disposal of public land for new homes
3	Funding for disadvantaged pupils
4	Fraud and error stocktake
5	Care leavers transition to adulthood
6	HM Revenue and Customs performance in 2014-15
7	Devolving responsibilities to cities in England: Wave 1 City Deals
8	Government's funding of Kids Company
9	Network Rail 2014-2019 rail investment
10	Care Act – first phase reforms and local government burdens
11	Strategic financial management in defence and military flying training
12	Care Quality Commission
13	Overseeing the financial sustainability in the further education sector
14	General Practice Extraction Service
15	Economic regulation of the water sector
16	Sale of Eurostar
17	Management of adult diabetes services in the NHS: progress review
18	Automatic enrolment to workplace pensions
19	Universal Credit – progress review
20	Cancer Drugs Fund
21	Reform of the Rail Franchising Programme
22	Excess Votes 2014-15
23	Financial sustainability of fire and rescue services
24	Services to people with neurological conditions: progress review
25	Corporation Tax Settlements
26	Common Agricultural Policy Delivery Programme
27	e-borders and successor programmes

28	Access to general practice
29	Making whistleblowing policy work
30	Sustainability and financial performance of acute hospital trusts
31	Delivering major projects in Government
32	Transforming contract management: progress review
33	Contracted out health and disability assessments
34	Tackling tax fraud
35	Department for International Development – responding to crisis
36	Use of consultants and temporary staff
37	Financial management of the European Union budget in 2014
38	Extending the Right to Buy to Housing Association tenants
39	Accountability to Parliament for taxpayers' money
40	Managing the supply of NHS clinical staff in England
41	Financial services mis-selling regulation and redress
42	Government spending with small and medium sized enterprises

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

Reports completed

#	Report Title
1	Efficiency in the criminal justice system
2	Personal budgets in social care
3	Training new teachers
4	Entitlement to free early years education and childcare
5	Capital investment in science projects
6	Cities and local growth
7	Confiscation Orders – progress review
8	BBC critical projects
9	Service family accommodation
11	Household energy efficiency measures
12	Discharging older people from acute hospitals
13	Quality of service to personal taxpayers and replacing the Aspire contract
14	Progress with preparations for High Speed 2
15	BBC World Service
16	Improving access to mental health services
17	Transforming rehabilitation
18	Better regulation
19	Analysis of the government's balance sheet
20	Shared service centres
21	Oversight of arm's length bodies
22	Progress with the disposal of public land for new homes
23	Universal Credit / Fraud and Error – progress review
24	Sale of former Northern Rock assets
25	Uniting Care Partnership contract
26	Financial sustainability of local authorities
27	Managing government spending and performance
28	Apprenticeship Programme

29	HM Revenue and Customs performance in 2015-16
30	St Helena Airport
31	Child protection
32	Devolution in England: governance, financial accountability and following the taxpayer pound
33	Troubled families – progress review
34	Syrian Vulnerable Persons Resettlement Programme
35	Upgrading emergency service communication
36	Collecting tax from high-net-worth individuals
37	NHS treatment of overseas patients – progress update
38	Protecting information across government
39	Consumer funded energy prices
40	Progress on the Common Agricultural Policy Development Programme
41	Excess Votes 2015-16
42	Benefit sanctions
43	Financial sustainability of the NHS
44	Modernising the Great Western Railway
45	Delivering restoration and renewal
46	National Citizen Service
47	Delivering the Defence Estate
48	Crown Commercial Service
49	Financial sustainability of schools
50	UKTI and the contract with PA Consulting
51	HMRC's contract with Concentrix
52	Upgrading emergency services communications - recall
53	HMRC estate
54	DFID: investing through CDC
55	Tackling overseas expenditure
56	Defence Equipment Plan
57	Capital funding for schools
58	Local support for people with a learning disability

59	BBC licence fee
60	Integration of health and social care
61	Access to general practice – progress review
62	NHS ambulance services
63	Housing – state of the nation
64	Carbon capture and storage

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

Updates on reports with outstanding recommendations

	Report Title	Page
5	Managing the costs of clinical negligence in hospital trusts	25
8	Mental health in prisons	27
14	Delivering Carrier Strike	29
36	Reducing modern slavery	31
38	Adult Social Care Workforce in England	33
44	Reducing emergency admissions	36
53	Ministry of Defence's contract with Annington Property Limited	38
58	Strategic suppliers	40
63	Interface between health and adult social care	42
67	Financial Sustainability of Police Forces	44
72	Mental Health Services for children and young people	46
77	Defence Equipment Plan 2018-28	48
82	Windrush generation and the Home Office	50
83	Clinical Commissioning Groups	52
85	Auditing Local Government	54
91	NHS Financial sustainability: progress review	56
96	Adult health screening	58
98	The apprenticeships programme: progress review	60
99	Cyber Security in the UK	62
100	NHS waiting times for elective and cancer treatment	64
102	Military Homes	68
105	Local Enterprise Partnerships: progress review	70
108	Emergency Services Network: further progress review	72
110	Sale of public land	74
114	Help to Buy: Equity Loan scheme	76
115	Penalty charge notices	78
119	Serious and Organised crime	80

Reports completed

	Report Title
1	Tackling online fraud and error
3	Hinkley Point C
2	Brexit and the future of customs
4	Clinical correspondence handling at NHS Share Business Services
6	Growing threat of online fraud
7	Brexit and the UK border
9	Sheffield to Rotherham tram-trains
10	High Speed 2: Annual Report and Accounts
11	Homeless households
12	HMRC Performance in 2016/17
13	NHS continuing healthcare funding
15	Offender monitoring tags
16	Government borrowing and the Whole of Government Accounts
17	Retaining and developing the teaching workforce
18	Exiting the European Union
19	Excess Votes 2016-17
20	Update on the Thameslink Programme
21	Nuclear Decommissioning Authority's Magnox contract
23	Alternative higher education providers
24	Care Quality Commission: regulating health and social care
25	Sale of the Green Investment Bank
26	Governance and departmental oversight of the Greater Cambridge Greater Peterborough Local Enterprise Partnership
27	Government contracts for community rehabilitation companies
28	Ministry of Defence: acquisition and support of defence equipment
29	Sustainability and transformation in the NHS
30	Academy schools' finances
31	Future of the National Lottery
32	Cyber-attack on the NHS

33	Research and development funding across Government
34	Exiting the European Union: Department for Business, Energy and Industrial Strategy
35	Rail franchising in the UK
37	Exiting the European Union: Department for Environment, Food and Rural Affairs and Department for International Trade
39	Defence Equipment Plan 2017-2027
40	Renewable Heat Incentive in Great Britain
41	Government risk assessments relating to Carillion
42	Modernising the Disclosure Barring Service
43	Clinical correspondence handling in the NHS
45	Higher education market
46	Private Finance Initiative
47	Delivering STEM skills for the economy
48	Exiting the EU: the financial settlement
49	Progress in tackling online VAT fraud
50	Financial sustainability of local authorities
51	BBC commercial activities
52	Converting schools to academies
55	Employment and Support Allowance
56	Transforming courts and tribunals
57	Supporting Primary Care Services: NHS England's contract with Capita
59	Skills Shortages in the Armed Forces
60	Ofsted inspection of schools
61	MOD Nuclear Programme
62	Spending on generic medicines in primary care
64	Universal Credit
65	Nuclear Decommissioning Authority: risk reduction at Sellafield
66	HMRC's performance in 2017-18
68	DEFRA's progress towards Brexit
69	Sale of Student Loans
70	Department for Transport's Implementation of Brexit

73	Academy Accounts & Performance for year end 31 August 2017
75	Pre-appointment hearing – preferred candidate for Comptroller and Auditor General – No recommendations to answer
76	Local Government Spending
78	Improving Government planning and spending
79	Excess Votes 2017-18
80	Capita's contract with the Ministry of Defence
81	Rail Management and timetabling
84	Bank of England's central services – recommendations for BoE
86	Brexit and UK Border: further progress review
87	Renewing the East Enders set – recommendations for BBC
88	Transforming children's services
89	Public cost of decommissioning oil and gas infrastructure
90	BBC Engagement with Personal Services – recommendations for BBC
92	Crossrail: progress review
93	Disclosure Barring service progress review
94	Transformation rehabilitation progress review
95	Assessing Public Services through The Government Verify Digital System
97	Local government governance and accountability
101	Submarine defueling and dismantling
103	Planning and the broken housing market
104	Transport infrastructure in the south west
106	Eurotunnel and the UK border: out of court settlement with Eurotunnel
107	Consumer Protection
109	Completing Crossrail
111	Funding for Scotland, Wales and Northern Ireland
112	Brexit consultancy costs
113	Network Rail's sale of railway arches
116	English language tests for overseas students
117	The effectiveness of Official Development Assistance expenditure
118	Challenges in using data across Government

Fifth Report of Session 2017-19

Department of Health and Social Care / Ministry of Justice HM Treasury

Managing the costs of clinical negligence in hospital trusts

Introduction from the Committee

The NHS, including NHS trusts and foundation trusts are legally liable for any clinical negligence by their employees. Since 1995, NHS Resolution (the operating name of NHS Litigation Authority from April 2017) has provided indemnity cover for clinical negligence claims against trusts in England, through its Clinical Negligence Scheme for Trusts. The Department of Health oversees NHS Resolution and develops policy to manage the costs of clinical negligence. NHS Resolution is responsible for dealing with claims, including funding defence costs, and any legal costs or damages that become payable.

From 2006–07 to 2016–17, the number of clinical negligence claims registered with NHS Resolution each year doubled, from 5,300 to 10,600. Annual cash spending on the Scheme quadrupled over this period, from £0.4 billion to £1.6 billion. The estimated cost of settling future claims has risen from £51 billion in 2015–16 to £60 billion in 2016–17. There are two main factors contributing to the rising costs. First, increasing damages for a small but stable number of high-value, mostly maternity-related claims. These accounted for 8% of all claims in 2016–17, but 83% of all damages awarded. Second, increasing legal costs resulting from an increase in the number and average cost of low-value claims. Over 60% of successful claims resolved in 2016–17 had a value of less than £25,000.

Relevant reports

- NAO report: [Managing the costs of clinical negligence in trusts](#) - Session 2017-19 (HC 305)
- PAC report: [Managing the costs of clinical negligence in hospital trusts](#) – Session 2017-19 (HC 397)
- [Treasury Minutes](#): March 2018 (Cm 9575)
- [Treasury Minutes Progress Report](#): July 2018 (Cm 9668)
- [Treasury Minutes Progress Report](#): March 2019 (CP 70)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the one remaining recommendation is updated below.

2: PAC conclusion: The Government has been slow and complacent in its response to the rising costs of clinical negligence.

2: PAC recommendation: The Department, the Ministry of Justice, and NHS Resolution must take urgent and coordinated action to address the rising costs of clinical negligence. This includes:

- **Reviewing whether current legislation remains adequate, and reporting back to the Committee by April 2018;**
- **Continuing to focus on actions to reduce patient harm, in particular, harm to maternity patients; and**
- **Appraising further measures to reduce the legal costs of claims, for example whether mediation should be mandated for certain types of claims.**

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2022

Original target implementation date: September 2018

2.2 In 2020-21 the total cost of clinical negligence claims managed by NHS Resolution was £2.2 billion. These costs are rising at an unsustainable rate and the government is committed to addressing this issue.

2.3 The government and the NHS have taken significant steps forward. In January 2022, the department published a consultation on the introduction of fixed recoverable costs for lower value clinical negligence claims to address high legal costs and streamline the claims-handling process.

2.4 The government has also committed to publish a wider consultation on the clinical negligence system. Decisions on next steps will be taken following the consultation.

2.5 The [NHS National Patient Safety Strategy](#) being implemented by NHS England and Improvement aims to improve the way NHS learns from harm and create a safety and learning culture across the NHS.

2.6 Maternity safety is a priority. In addition to the government's investment of £9.4 million into reducing birth related brain injuries and £95.6 million to support maternity recruitment, training and safety improvement, it announced in January 2022 plans to establish a Special Health Authority to continue the Maternity Investigation Programme currently being delivered by The Healthcare Safety Investigation Branch [HSIB]. The programme conducts high quality investigations into each incident of severe brain injury identified by the NHS.

2.7 On 28 April 2022, the Health and Social Care Select Committee [published its report](#) from its inquiry into NHS litigation reform. The department welcomed the Committee's report and are currently assessing its findings.

Eighth Report of Session 2017-19

Ministry of Justice / Department of Health and Social Care

Mental health in prisons

Introduction from the Committee

There were 84,674 adults in prison in England and Wales in 2016–17, between 10% and 90% of whom are thought to have mental health issues. Rates of self-inflicted deaths and self-harm in prisons have risen significantly in the last five years, suggesting that mental health and overall well-being in prison has declined. There were 120 self-inflicted deaths in prison in 2016 and 40,161 incidents of self-harm, the highest on record. Prisoners with mental health issues face huge challenges in our prison system which witnesses told us that the current prison environment is often ill equipped to deal with.

HM Prison and Probation Service (HMPPS) is responsible for the management and operation of prisons in England and Wales and ensuring that the prison environment is safe, secure and decent. The Ministry of Justice is responsible for prison policy and commissioning services in prisons. NHS England is responsible for healthcare in prisons, both for physical and mental health. In 2016–17, NHS England spent an estimated £400 million providing healthcare in adult prisons in England, of which it estimates £150 million was spent on mental health services and substance misuse services, although it could not provide an exact figure.

Relevant reports

- NAO report: [Mental health in prisons](#) – Session 2017-19 (HC 42)
- PAC report: [Mental health in prisons](#) – Session 2017-19 (HC 400)
- [Treasury Minutes](#): March 2018 (Cm 9575)
- [Treasury Minutes Progress Report](#): July 2018 (Cm 9668)
- [Treasury Minutes Progress Report](#): March 2019 (CP70)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): correspondence to PAC in December 2021

Update to the Government response to the Committee

The government's last response to the Committee on this report was sent directly to the Committee in December 2021 and is set out below for reference with a further update to paragraph 5.6.

5: PAC conclusion: It is a disgrace that too many prisoners wait far too long to be transferred to hospital or secure units.

5: PAC recommendation: HM Prison and Probation Service and NHS England should, by the end of January 2018, publish quarterly data on the number of prisoners transferred to hospital or secure units, how many prisoners are waiting at the time of publication, and how long both groups have waited.

5.1 The government disagrees with the Committee's recommendation.

5.2 Through to Q4 2018-2019, the transfer and remission data was captured by NHS England and NHS Improvement (NHSE/I) via the Health and Justice indicators of performance (HJIPs). These indicators were in the process of being revised, and their collection was

paused during the response to the COVID-19 pandemic. The enforced pause to data collections facilitated a joined-up approach to revise the process, ensuring data being collected met the new time frames referenced in the independent review of the Mental Health Act (MHA), chaired by Professor Sir Simon Wessely - Regius Professor of Psychiatry at King's College London and president of the Royal Society of Medicine, and within the MHA reform White Paper Reforming the MHA.

5.3 To further support and engage stakeholders in this, the Transfer and Remission Good Practice Guidance for prisons and Immigration removal centres has been reviewed through public and stakeholder engagement and consultation. The guidance mirrors the new time frames. The [Good Practice Guidance](#) was published in June 2021.

5.4 In line with the government's white paper (reforming the Mental Health Act) which makes reference to developing a stronger monitoring system to enable better understanding and provide greater transparency on how the transfer process is working, NHSE/I developed a data input portal that has been running from April 2021. This enables providers to submit transfer and remission data which will be analysed against the time frames proposed in both the independent review and white paper and is reflected in the Transfer and Remission Guidance 2021. This information is available to commissioners and key stakeholders but is not published. NHSE/I continue to work with the Ministry of Justice and DHSC on this and how it aligns with other recommendations within the white paper, such as the independent role to provide oversight of transfers.

5.5 Given the considerable progress (set out above) which has been made since the NAO report and Committee hearing, the lack of uncertainty around the approval to publish the data, and the commitment to continue to review this work, it is considered that this recommendation is now closed.

5.6 The department and NHS England and NHS Improvement [wrote to the Committee](#) in December 2021 to explain why they disagreed with the recommendation.

Fourteenth Report of Session 2017-19

Ministry of Defence

Delivering Carrier Strike

Introduction from the Committee

The Ministry of Defence is buying two new aircraft carriers, a fleet of new Lightning II jets and an airborne radar system called Crowsnest fitted to Merlin helicopters. Deploying a single carrier, a squadron of jets and Crowsnest is referred to as Carrier Strike. The Department expects to spend over £14 billion on this equipment up to 2021, when Carrier Strike is to be first used in military operations. Between 2021 and 2026, the Department will then introduce the second carrier and more jets, and complete trials and training to enable the carriers to undertake a range of roles such as acting as helicopter carriers or transporting troops. This represents the full Carrier Enabled Power Projection capability.

The Department is planning for the carriers and jets to be in use for 50 and 40 years respectively, and the Government considers they will form a significant part of its response to changes in global security. The previous Committee reported on Carrier Strike in 2013, concluding that the Department faced major challenges around the affordability of the programme. In November 2013, the Department re-baselined the contract, agreeing a price of £6.212 billion for both carriers with the manufacturing consortium, the Aircraft Carrier Alliance. The Carrier Strike programme is a very high priority for the Department, and we expect to return to it as the programme progresses towards being operational in 2021.

Relevant reports

- NAO report: [Delivering Carrier Strike](#) Session 2016-17 (HC 1057)
- PAC report: [Delivering Carrier Strike](#) Session 2017-19 (HC 394)
- [Treasury Minutes](#) March 2018 (Cm 9596)
- [Treasury Minutes Progress Report](#) July 2018 (Cm 9668)
- [Treasury Minutes Progress Report](#) March 2019 (CP 70)
- [Treasury Minutes Progress Report](#) February 2020 (CP 221)
- [Treasury Minutes Progress Report](#) November 2020 (CP 313)
- [Treasury Minutes Progress Report](#) May 2021 (CP 424)
- [Treasury Minutes Progress Report](#) November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below.

1: PAC conclusion: Value for money will only be achieved if the carriers are flexibly and fully deployed.

1: PAC recommendation: In firming up its plans, the Department must ensure they are designed to use the carriers flexibly and to the fullest extent possible in order to secure value for money from the investment. The Committee will continue to monitor this.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Carrier Enabled Power Projection (CEPP) policy statement remains the department's articulation of its intent of how the carriers are to be employed. HMS Queen Elizabeth and the UK Carrier Strike Group (CSG) returned from its successful maiden deployment in December 2021. In January 2022 the second carrier, HMS Prince of Wales, assumed the role of flagship for the NATO Maritime High Readiness Force. HMS Prince of Wales has already commanded NATO exercises with 25 other ships from 11 partner nations in the Arctic region. This year also saw both aircraft carriers at sea and operating independently. Consistent with the CEPP Directive, this has demonstrated the flexibility and deployability of the UK's carrier capability.

4: PAC conclusion: There is uncertainty over some support and operational costs, which are not fully included within current budgets.

4: PAC recommendation: The Department must develop its estimate of the costs of supporting and operating Carrier Strike, and we will expect more detailed estimates when we undertake a follow-up inquiry.

4.1 The government agreed with the Committee's recommendation.

Recommendation implemented

4.2 The first operational deployment for Carrier Strike was completed in 2021. The department has a valid data set informing Carrier Strike's support and operating requirements and costs. The analysis of this data has been undertaken by the Cost Assurance & Analysis Service (CAAS) to complete an initial cost baseline using that deployment data. This work is due to be completed in June 2022, at which point this recommendation will be addressed.

Thirty-Sixth Report of Session 2017-19

Home Office

Reducing modern slavery

Introduction from the Committee

Modern slavery encompasses slavery, servitude and compulsory labour and human trafficking. In 2014 the Home Office estimated that there were between 10,000 and 13,000 potential victims of modern slavery in the UK in 2013, and in 2013 it estimated that the overall social and economic cost to the UK of human trafficking for sexual exploitation alone was £890 million. The Department introduced the Modern Slavery Strategy in 2014 with the aim of significantly reducing the prevalence of modern slavery. This was followed by the Modern Slavery Act in 2015. While the Department is the policy lead for managing the UK's response to modern slavery, a range of public sector organisations are involved in delivering the strategy, alongside businesses and non-governmental organisations (NGOs). The Department funds and manages the process for identifying victims, known as the National Referral Mechanism. It also manages a contract for support services for potential victims of modern slavery in England and Wales, currently run by the Salvation Army.

Relevant reports

- NAO report [Reducing Modern Slavery](#): Session 2017-19 (HC 630)
- PAC report [Reducing Modern Slavery](#): Session 2017-19 (HC 866)
- [Treasury Minutes: June 2018](#): (Cm 9643)
- [Treasury Minutes: Progress Report- March 2019](#): (CP 70)
- [Treasury Minutes: Progress Report- February 2020](#): (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549) the remaining recommendation is updated below.

1: PAC conclusion: The Home Office has no means of monitoring progress or knowing if its Modern Slavery Strategy is working and achieving value for money

1: PAC recommendation: In order to effectively track whether its Modern Slavery Strategy is working and prioritise funding and activities, the Department should set targets, actions, a means of tracking resources, and clear roles and responsibilities within the programme and report back to the Committee by December 2018.

1.1 The government agrees with the Committee's recommendation.

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

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

1.3 The department has continued to track key metrics to understand the impact that the government's modern slavery response is having. This includes monitoring quarterly and annual [National Referral Mechanism statistics](#), which are published on GOV.UK. The department continues to work with law enforcement and criminal justice agency partners to track the number of live police operations and police recorded modern slavery offences to assess how much this activity is disrupting crime and translating into prosecutions. This data is published in [2021 UK annual report on modern slavery - GOV.UK \(www.gov.uk\)](#)

1.4 In March 2021, the department announced that it will be undertaking a review of the 2014 Modern Slavery Strategy and work to develop a new strategy is underway. This has included extensive stakeholder engagement, including roundtables with the Modern Slavery Strategy and Implementation Group, other government departments, the Independent Anti-Slavery Commissioner and Parliamentarians. This engagement has included discussion on roles, responsibilities, data and governance. As part of the revised strategy, the department will set out the roles and responsibilities across government and with partners in delivering a new strategy, and it will develop an implementation plan and governance to track delivery and measure results. The department plans to publish the new strategy in the coming months. The target implementation date for this recommendation is summer 2022, rather than the earlier target of spring. This reflects ongoing work to ensure the new strategy is comprehensive and aligns with the new Modern Slavery Bill as announced in the Queen's Speech on 10 May. Ongoing delivery will meet the full implementation of this recommendation.

Thirty-Eighth Report of Session 2017-19

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

Adult Social Care Workforce in England

Introduction from the Committee

The adult social care workforce in England comprises around 1.5 million workers across more than 20,000 organisations. In 2016–17, local authorities spent around £15 billion commissioning care, mostly from independent providers. Between 2010–11 and 2016–17, spending on care by local authorities reduced by 5.3% in real terms. Turnover and vacancy rates across the care workforce are high. Care providers have difficulty recruiting and retaining workers, particularly to the roles of care worker, registered manager and nurse. In December 2017, the Department of Health and Social Care began consulting on a new strategy for the care and health workforce. Its previous strategy for the care workforce has not been updated since 2009. The Government has promised a Green Paper by July 2018 on the future funding of adult social care for older adults.

Relevant reports

- NAO report: [Adult Social Care Workforce in England](#) – Session 2017-19 (HC 714)
- PAC report: [Adult Social Care Workforce in England](#) – Session 2017-19 (HC 690)
- Treasury Minutes: July 2018 (Cm 9667)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549) the remaining recommendations are set out below.

1: PAC conclusion: Although the Department of Health and Social Care recognises that the adult social care sector is under financial pressure and has been for some years, it currently has no credible plans for how care could be sustainably funded.

1: PAC recommendation: The forthcoming Green Paper must not be the start of yet another protracted debate about the future funding of care. The Department should establish quickly the funding local authorities need to commission care at fair prices, to support a workforce of the right size and shape to deliver a sustainable care sector in the long-term. It should publish a credible plan, by the end of 2018, and implement it swiftly.

1.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 On 7th September 2021 the government published the Command Paper [Building Back Better: Our Plan for Health and Social Care](#), setting out new funding available for the health

and social care system over the Spending Review 2021 period. This document announced the Health and Social Care Levy which will allow the government to invest billions in the NHS and adult social care. The levy provides a stable long term funding source which is being used to deliver long overdue adult social care reform. The government has confirmed £5.4 billion will be invested in adult social care over the next three years funded from the Health and Social Care Levy.

1.3 The investment includes over £1.7 billion to begin major improvements across the social care system in England. It also includes over £3.6 billion to reform the social care charging system. The government is committing £1.4 billion (of the £3.6bn) to the Market Sustainability and Fair Cost of Care Fund, designed to support local authorities to move towards paying providers a fair cost of care. The funding will support local authorities to prepare their markets for reform and will help to address under-investment and poor workforce practices.

1.4 In December 2021, the department published its strategy for the adult social care workforce in [People at the Heart of Care](#) White Paper. This strategy is backed up by a historic investment of at least £500 million for new measures over three years to support and develop the workforce, including hundreds of thousands of training places and certifications for care workers, professional development for the regulated workforce and new psychological interventions, such as talking therapies, to support the wellbeing of the sector.

4: PAC conclusion: Most people working in care are unregulated, which limits the development of a well-trained and professionalised workforce.

4: PAC recommendation: The Department should set out in the forthcoming workforce strategy how it intends to professionalise the care workforce further and consider a mandatory minimum standard for training as part of this.

4.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 The government's priority is to support the social care workforce to develop the skills and training it needs to deliver the best quality of care.

4.3 The government is already taking significant action to support those who work in adult social care, with a major investment of at least £500 million over the next three years to support and develop the workforce. This funding will provide hundreds of thousands of training places and certifications.

4.4 The funding for Care Certificates, alongside significant work to create a delivery standard recognised across the sector, will improve portability, so that care workers do not need to repeat the Care Certificate when moving roles. Investment in a portable Care Certificate is a key part of the government's offer and will help establish a strong baseline of knowledge and skills for the workforce. Longer-term, the government wants to reach a position where it is a requirement for all care workers to have reached this baseline standard.

4.5 The department also plans to introduce a voluntary digital Care Workforce Hub. The Hub will help identify people working in social care and provide access to resources to help them in their careers. It will also include a skills passport, to provide staff with a permanent record of their training and development over their career.

4.6 Both the hub and skills passport will be voluntary in the first instance, establishing a foundation for registration of staff in the future in a way that benefits staff and care providers alike, which we intend to explore further.

5: PAC conclusion: The low amount of funding given to Skills for Care limits the scope and reach of the workforce development initiatives it runs and the extent of its strategic support to the care sector.

5: PAC recommendation: The Department should establish and secure the funding Skills for Care needs both to support the training and development of the care workforce fully and to implement the forthcoming workforce strategy.

5.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

5.2 In December 2021 the government published a White Paper, [People at the Heart of Care](#), which set out its new long-term vision for reforming adult social care in England and its priorities over the next three years to make sure that it is fit for the future and fairer for everyone.

5.3 The White Paper set out the government's workforce strategy for the sector, defining a vision for an adult social care workforce where people can experience a rewarding career with opportunities to develop and progress now and in the future.

5.4 The workforce strategy set out is just the beginning. The government will need to work closely with adult social care leaders and staff, as well as people who draw on care and support, to implement it and take forward these policies, now and in the future.

5.5 The government is investing at least £500 million over the next 3 years to begin to transform the way the social care workforce is supported. This dedicated investment in knowledge, skills, health and wellbeing, and recruitment policies will improve social care as a long-term career choice.

5.6 As set out in the White Paper the government will continue to engage with the sector, including with Skills for Care, to shape its vision and priorities for adult social care system reform. This will help inform how the support put in place for the sector's vital workforce is defined, and how partners are commissioned and procured to help achieve this vision.

Forty-Fourth Report of Session 2017-19

Department for Health and Social care

Reducing emergency admissions

Introduction from the Committee

NHS England defines an emergency admission to be “*when admission is unpredictable and at short notice because of clinical need*”. In 2016–17, there were 5.8 million emergency admissions, up by 2.1% on the previous year. The growth in emergency admissions is mostly made up of older people. NHS England and partners have developed a number of national programmes that aim, among other objectives, to reduce the impact of emergency admissions. These programmes include the urgent and emergency care programme, the new care models, and the Better Care Fund. There has also been an increase in the number of people being readmitted in an emergency shortly after an initial inpatient stay. Readmission rates can indicate the success of the NHS in helping people to recover effectively from illnesses or injuries. One study estimates that emergency readmissions have risen by 22.8% between 2012–13 and 2016–17 but NHS England does not itself record readmission rates.

Relevant reports

- NAO report: [Reducing emergency admissions](#) - Session 2017-19 (HC 833)
- PAC report: [Reducing emergency admissions](#) - Session 2017-19 (HC 795)
- [Treasury Minutes](#): October 2018 (Cm 9702)
- [Treasury Minutes Progress Report](#): March 2019 (CP 70)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): correspondence to the PAC December 2021

Government response to the Committee

Following the government’s last response to the Committee on this report (correspondence above), the remaining recommendation is updated below.

1: PAC conclusion: Nearly one and a half million emergency admissions could be avoided with better preventive care outside hospitals.

1: PAC recommendation: NHS England should identify gaps in capacity in primary and community health care and set out how it intends to fill those gaps. It should also consider the impact of pressures on social care provision on emergency admissions and use this understanding to inform discussions with the Ministry of Housing, Communities and Local Government and HM Treasury about the Green Paper on future funding of social care.

1.1 The government agrees with the Committee’s recommendation.

Recommendation Implemented

1.2 NHS England and Improvement (NHSE/I) and the Department of Health and Social Care (the department) continue to work together to monitor the impact of workforce pressures

on social care capacity and provision on hospital flows into 2022-23 through the national discharge taskforce.

1.3 A wide variety of national and local programmes are being implemented to help avoid emergency admissions, some designed in response to the COVID pandemic, others as part of the Long-Term Plan. For example:

- Up to £200 million funding has been identified in 2022-23 to support the development of virtual ward models.
- The Investment and Impact Fund, an incentive scheme targeted at Primary Care Networks (PCNs), will include an indicator in 2022-23 which rewards PCNs for taking actions to reduce the number of emergency admissions for Ambulatory Care Sensitive Conditions for patients registered at a member GP practice.
- As part of the 22-23 planning guidance, systems need to develop robust plans for the prevention of ill-health. These plans should reflect the primary and secondary prevention deliverables as outlined in the NHS Long Term Plan, and the key local priorities agreed by the Integrated Care Systems (ICS). This includes the Diabetes Prevention Programme.
- Urgent Community Response (UCR) in April 2022, 41 ICSs (out of 42) were reporting to have full geographic coverage of two-hour crisis response services operating 8am-8pm, seven days a week and are planning to expand their UCR offer to include all 9 clinical conditions over 2022-23. This is two years ahead of plan.

Fifty-Third Report of Session 2017-19

Ministry of Defence

Ministry of Defence's contract with Annington Property Limited

Introduction from the Committee

The Ministry of Defence offers subsidised housing for its service personnel and their families as part of the overall remuneration package. In 1996, the Ministry of Defence sold 999-year head leases on 55,000 houses to Annington Property Limited (Annington) and then rented them back on 200-year underleases. The main purpose of the deal was to transfer ownership of the bulk of the married quarters estate to the private sector; secure funds for upgrading work and improve the management of the estate. Initially, the Department has received a 58% adjustment to open market rents for the first 25 years of the contract, which reflected among other things that it continued to have responsibility for maintaining the properties. However, the Department is between £2.2 billion and £4.2 billion worse off over the first 21 years of the contract than if it had retained ownership. This is largely because it has missed out on house price rises, which have been substantially higher than it predicted.

Relevant reports

- NAO report: [Ministry of Defence's arrangement with Annington Property Limited](#) Session 2017-19 (HC 762)
- PAC report: [Ministry of Defence's contract with Annington Property Limited](#) Session 2017-19 (HC 974)
- [Treasury Minutes](#): October 2018 (Cm 9702)
- [Treasury Minutes Progress Report](#): March 2019 (CP 70)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below.

1: PAC conclusion: The Department's 1996 deal with Annington Property Limited provided little protection for taxpayers, who have lost billions of pounds, while enabling Annington to make excessive returns.

1: PAC recommendation: In its response to this report, the Government should confirm that all its future deals will contain effective protections for the taxpayer that were noticeably absent in this sale. In respect of the Annington deal, the Department must make the most of a bad situation. As well as securing the best possible outcome from the rent negotiations, it should work with Annington to extract the maximum value from the estate, including via estate development opportunities, options to release sites, and agreements around the use of utilities

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2023

Original target implementation date: November 2018

1.2 The Ministry of Defence (the department) has closed the site rent review (SRR) and completed negotiations with Annington in December 2021.

1.3 A [Written Ministerial Statement](#) was laid out in Parliament in January 2022, providing a full explanation of the outcome of the SRR and subsequent steps taken to improve the value for money of these arrangements.

5: PAC conclusion: It is scandalous that the Department still holds so many empty properties at a time of a national housing shortage and has made almost no progress in 20 years in reducing the number.

5: PAC recommendation: The Department should develop a plan and timetable for reducing the number of empty properties to a more acceptable level, with a target of getting down to, at most, 10% voids in three years' time. It should write to the Committee with details of its plan by 30 November 2018.

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2023

Original target implementation date: March 2022

5.2 Despite difficulties caused by the pandemic, void rates have continued to reduce across the Defence estate from 11,500 (23%) in April 2019 to 8,557 (17.85%) by 1 April 2022. This amounts to c3700 properties above achieving the 10% target and includes circa 1,760 void properties held to accommodate programmed unit moves and subsequent site disposals over the next 10 years.

5.3 Until December 2021, the Void Reduction Plan was focussed on handing back a minimum of 500 properties per annum to Annington. In Financial Year 2022-23, the department agreed it will hand back a minimum of 375 properties per annum to Annington. While eligible take-up continues to increase significantly, growth has been slower than originally anticipated. This is partly because 'eligibility' provides less security of tenure than 'entitlement' and no guarantee of Service Family Accommodation (SFA) when personnel are assigned to a new unit, factors that Future Accommodation Model (FAM) will change. Also, an unusually high number of homes have been offline for major works through the Fiscal Stimulus Programme, which has upgraded around 2,750 homes. Nevertheless, in 2022-23 disposals will increase to a minimum of 1,000 properties, with options to accelerate further in 2023-24 if required.

5.4 Establishing the true long-term requirement for SFA remains challenging within an environment of increasing home ownership and reducing numbers of personnel, factors that have historically reduced demand; and changing the department's policies that, through FAM, may reverse and accelerate this trend. FAM modelling has now commenced to estimate the impact of these competing factors.

Fifty-Eighth Report of Session 2017-19

Cabinet Office

Strategic Suppliers

Introduction from the Committee

Carillion, a major supplier to the public sector, collapsed on 15 January 2018. Nine days later, the House of Commons debated and agreed a Resolution that required the Government to release confidential risk assessments of its main suppliers to this Committee. The risk assessments relate to companies with contracts across several Government Departments worth more than £100 million per year or deemed significant to a sector - designated as Strategic Suppliers by Government. There are currently 27 Strategic Suppliers providing services across the public sector. The risk assessments, compiled every six weeks by Crown Representatives in the Cabinet Office, highlight significant concerns about performance against contracts; summarise financial and market information; and assign a Red-Amber-Green (RAG) risk rating.

The risk assessments provided to this Committee offer an assessment of each company's financial status and performance against contracts, which are encapsulated in a Red-Amber-Green (RAG) rating, augmented by a Black 'High Risk' or exemplary Platinum rating. The documents are compiled by each company's Crown Representative. The Cabinet Office considers publication of the documents could affect market confidence and harm companies. The Committee published a report on the Government risk assessments relating to Carillion on 23 May 2018.

Relevant reports

- PAC report: [Government risk assessments relating to Carillion](#) – Session 2017-19 (HC 1045)
- PAC report: [Strategic Suppliers](#) – Session 2017-19 (HC 1031)
- Treasury Minutes: October 2018 (CM 9702)
- [Treasury Minutes Progress Report](#): March 2019 (CP 70)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendation is updated below:

8: PAC conclusion: The introduction of a standard contract is welcome and appropriate for the majority of typical procurements. When the Government procurements are more complex, a more flexible and intelligent approach to contracting is required.

8c: PAC recommendation: Government should look at the lifetime cost and value of a contract, not just the bottom line at the point the contract is commissioned. Government needs to get better at managing contracts through their life. To do this it needs to facilitate significant uplift in skills.

8.1 The government agrees with the Committee's recommendation.

Revised target implementation date: March 2023
Original target implementation date: March 2022

8.2 Training was reintroduced virtually in December 2020 and over 1,000 Silver and Gold contract managers have since commenced training, of which 445 have completed training and 121 have already become accredited. In addition, there are now over 21,500 bronze contract managers accredited or in training. The plan to train and assess all contract managers by March 2023 was reviewed at the Civil Service Board in November 2021 and support was given to extend the deadline by 12 months for the Ministry of Defence, due to their significant population.

8.3 All other central departments are on track to commence training of their total Gold and Silver Contract Manager populations by March 2023. Assessment and accreditation will continue into 2023.

Sixty-Third Report of Session 2017-19

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

Interface between health and adult social care

Introduction from the Committee

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

Relevant reports

- NAO report: [The Health and Social Care Interface](#) – Session 2017-19 (HC 950)
- NAO report: [Developing New Care Models Through NHS Vanguard](#)s – Session 2017-19 (HC 1129)
- PAC report: [Interface Between Health and Adult Social Care](#) – Session 2017-19 (HC 1376)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): correspondence sent to PAC 13 December 2021
- [Correspondence to the PAC](#) regarding recommendation 6

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (correspondence above) one recommendation remained in progress and is updated below.

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

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

2.1 The government agrees with the Committee's recommendation

Revised target implementation date: July 2022

Original target implementation dates: December 2018

2.2 While a legal framework for pooling funds has been in place for some time, there is scope for local partners to go further in delivering services together that join up around the needs of individuals. This will be supported by the Department of Health and Social Care's [Health and Care Act](#) which received Royal Assent on 28 April 2022. The department will write to the Committee in July to confirm the Act has come into effect.

2.3 The [integration white paper](#) (published 9 February) sets an expectation that local areas go further and faster on the pooling and aligning of budgets. To support this, the department is reviewing section 75 of the NHS Act 2006 to simplify and update the underlying regulations. The integration white paper builds on the Health and Care Act and the [Adult Social Care Reform White Paper](#) (published 1st December 2021) and addresses a wide range of barriers and enablers to integration.

2.4 The Health and Care Act creates a more clearly defined role for social care within the structure of an Integrated Care System (ICS), with a place for local authorities on both Integrated Care Boards and Integrated Care Partnerships. This will give local authorities a greater voice in the overall health and care system and will provide a springboard for closer integration and collaborative working locally.

2.5 The Better Care Fund (BCF) continues to enable cooperation between health and social care partners at a 'place' level through the pooling of budgets for the purposes of integrated care. The 2022-23 BCF Policy Framework will be published shortly, the department will also be working with the sector to develop the Policy Framework for 2023 onwards, including how to support the proposals set out in the Integration White Paper.

Sixty-Seventh Report of Session 2017-19

The Home Office

Financial sustainability of police forces in England and Wales

Introduction from the Committee

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

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

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

Relevant reports

- NAO report: [Financial sustainability of police forces in England and Wales 2018](#) - Session 2017–19 (HC 1501)
- PAC report: [Financial sustainability of police forces in England and Wales](#) - Session 2015–16 (HC 288)
- PAC report: [Financial Sustainability of police forces](#) – Session 2017-19 (HC 1513)
- Treasury Minute: [Sixty-Seventh Report](#) of Session 2017-19 (CP 79)
- [Treasury Minutes Progress report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 549 above), the remaining recommendation is updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

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

3.2 Since the last update to the Committee in November 2021, a new review of the police funding formula has commenced, with Ministers having confirmed their intention to introduce a new formula before the next General Election. The government recognises the current police funding formula is out of date and no longer accurately reflects demand on policing. The government is committed to developing a new formula that fairly and transparently distributes core grant funding to the 43 police forces in England.

3.3 The technical phase of the review, which will deliver proposals for new funding arrangements, is now underway. The Home Office has convened a Senior Sector Group and Technical Reference Group with representation from the policing sector and relevant experts, to lead on development of a new formula. The Review will rightly consider all aspects of the funding formula. It will include an evidence-based assessment of policing demand and the relative impact of local factors on forces.

3.4 At the end of the technical phase, the Technical Reference Group will put forward recommendations for a new formula. The Senior Sector Group will respond with a report for consideration by Ministers. A full public consultation will take place before any new funding arrangements are implemented.

Seventy-Second Report of Session 2017-19

Department of Health and Social Care

Mental health Services for children and young people

Introduction from the Committee

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

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

Relevant reports

- NAO report: [Improving children and young people’s mental health services](#) – Session 2017-19 (HC 1618)
- PAC report: [Mental health services for children and young people](#) – Session 2017-19 (HC 1593)
- [Treasury Minutes](#): April 2019 (CP 79)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minute Progress Report](#): correspondence sent to PAC December 2021

Update to the Government response to the Committee

Following the government’s last response to the Committee on this report (correspondence above), the remaining recommendation is updated below.

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

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

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

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The roll out of mental health support teams has continued even through the COVID-19 pandemic, and further teams were commissioned in 2019-20 and 2020-21. The government estimates that 15% of the school age population (ages 5 – 18) are covered by the 183 teams that had completed their training and were operational from March 2021. Further cohorts are in training, with 104 more teams commissioned in 2020/21. The department now expects these 104 teams will extend coverage and deliver the 20-25% coverage ambition in 2022, 12 months earlier than originally planned.

1.3 On 05 March 2021, the government announced £79 million additional funding to expand children's mental health services. Some of this funding was to accelerate the coverage of mental health support teams in schools and colleges with 112 more teams being established over 2021-22. This gives a total of 399 commissioned teams so far. NHS England and NHS Improvement [has published the locations of these teams](#). Once all are operational by 2023, the government estimates these 399 teams will cover an estimated 3 million children and young people (around 35% of pupils in England).

1.4 As outlined in the May 2021 Treasury Minute Progress Report (CP 424) The BRACE Rapid Evaluation Centre and the Policy Innovation and Evaluation Research Unit published in July 2021 its [Early evaluation of the Children and Young People's Mental Health Trailblazer programme](#). The evaluation examines the development, implementation, and early progress of the first wave of mental health support teams in the first 25 "trailblazer" areas participating in the programme, which became operational from January 2020.

1.5 The final report is expected to be published by autumn 2022. A number of emerging themes have been identified from the evaluation and work is underway by programme workstreams to ensure that the learning is used to inform current and future practice.

1.6 A call for applications to conduct an impact evaluation went live in March 2022 via the National Institute for Health and Care Research's Health and Social Care Delivery Research Programme. Building on the early process evaluation, this evaluation aims to understand to what extent, and how, the vision and intended outcomes of the three pillars of the Green Paper have been achieved, as well as generating evidence-based guidance to support further roll-out of the programme. It is anticipated that the evaluation will start in spring 2023.

Seventy-Seventh Report of Session 2017-19

Ministry of Defence

The Defence Equipment Plan 2018-2028

Introduction from the Committee

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

Relevant reports

- Ministry of Defence report: [The Defence Equipment Plan 2018](#)
- NAO report: [The Equipment Plan 2018-28](#) – Session 2017-19 (HC 1621)
- PAC report: [Defence Equipment Plan 2018-28](#) – Session 2017–19 (HC 1519)
- Ministry of Defence report: [Refreshing Defence Industrial Policy](#)
- Ministry of Defence report: [Annual Report and Accounts 2018 - 2019](#)
- [Treasury Minutes](#): April 2019 (CP 79)
- [Treasury Minutes Progress Report](#) February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)
- [Defence Equipment Plan 2021](#): 21 February 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendation is updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The [Defence Equipment Plan 2021](#) (published 21 February 2022) explains how the Ministry for Defence has used the 2020 spending review settlement to construct a programme that is affordable over the ten year planning period, whilst clarifying priorities and spending dependent on emerging needs and investing in appropriate capabilities. The Plan summarises the new investments the department has undertaken as well as the savings and reprofiling it has implemented to ensure affordability.

Eighty-Second Report of Session 2017–19

The Home Office

Windrush generation and the Home Office

Introduction from the Committee

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

Relevant reports

- NAO report: [Handling of the Windrush situation, Session 2017–19](#) (HC 1622)
- PAC report: [Windrush generation and the Home Office, - Session 2017–19](#) (HC 518)
- [Treasury Minute](#) Session 2017-19 (CP113)
- [Treasury Minute Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government’s last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below:

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

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

2.1 The government agrees with the Committee’s recommendation.

Revised target implementation date: April 2023

Original target implementation date: March 2020

2.2 The full roll-out of Atlas has been delayed, primarily as a result of the impact of the COVID-19 pandemic and complexity around Management Information (MI) reporting which has extended the dual running of the legacy Case Information Database (CID) and the new Atlas case working system (as previously reported), but latterly also due to work for Afghan

Resettlement, British National Overseas changes and Ukraine refugee visas, although operational delivery of new Atlas products and functionality into live service has continued.

2.3 The department continues to look at options for automation of data assurance via a data governance and team structure overseeing data quality and consistency in the new systems.

2.4 Work has commenced on resolving any data quality issues caused by dual running of the legacy Case Information Database and the new Atlas case working system. This work combined with new functionality in Atlas and the delivery of updated Reporting & MI will mean the need to update both systems will cease by the end of September 2022.

2.5 Standards around data migration and case creation within Atlas continue to be enforced to ensure corrupt or inaccurate data does not get into the system. This builds upon work already done to detect and correct corrupt or inaccurate data from the Case Information Database, which the department previously updated the Committee on.

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

Eighty-Third Report of Session 2017-19

Department of Health and Social Care

Clinical Commissioning Groups

Introduction from the Committee

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

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

Relevant reports

- NAO report: [A review of the role and costs of clinical commissioning groups](#), Session 2017–19, HC 1783, 18 December 2018.
- PAC report: [Clinical Commissioning Groups](#) – Session 2017-19 (HC 1740) 8 March 2019
- Government document: [NHS Long Term Plan](#) – January 2019
- [Treasury Minutes](#): May 2019 (CP 97)
- Treasury Minutes Progress Report: [February 2020](#) (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#) – May 2021 (CP 424)
- [Treasury Minutes Progress Report](#) – correspondence published January 2022.

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (correspondence published January 2022), the remaining recommendation is updated below.

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

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

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: July 2022

Original target implementation date: Spring 2020

5.2 The new [Health and Care Bill](#) received Royal Assent on 28th April 2022 and will begin commencement in law from 1 July 2022. The Department of Health and Social Care will write to the Committee in July to confirm the Act has come into effect.

5.3 The Health and Care Bill delivers on the NHS's own proposals for reforms which are set out in the [2019 NHS Long Term Plan](#). The Act provides that new Integrated Care Boards (ICBs) are established. These will replace Clinical Commissioning Groups (CCGs) by taking on the current CCG commissioning functions, along with some further new commissioning functions, some of them delegated initially by NHS England. The ICBs will continue to progress the NHS Long Term Plan.

5.4 These new legislative changes will allow ICBs to continue with the work that the CCGs were delivering to bring together NHS organisations and partners from local government. The implementation of these measures is planned for July 2022. This is slightly later than originally envisaged, to allow sufficient time for the Health and Care Bill to complete its passage through Parliament.

Eighty-Fifth Report of Session 2017-19

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

Auditing Local Government

Introduction from the Committee

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

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

Relevant reports

- NAO report: [Local auditor reporting in England 2018](#) – Session 2017-19 (HC 1864)
- PAC report: [Auditing local government](#) – Session 2017-19 (HC 1738)
- [Treasury Minutes](#): May 2019 (CP 97)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- Sir Tony Redmond's independent review: [Local authority financial reporting and external audit](#): September 2020
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)
- Correspondence to the Committee – 18 June 2021 (Unpublished by Committee)
- [Treasury Minutes Progress Report](#): – correspondence dated December 2021

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (correspondence sent to the Committee December 2021), the remaining recommendation is updated below.

5: PAC conclusion: The Committee is concerned that, as partnership working becomes more complex, accountability arrangements will be weakened, and the performance of individual local bodies will become less transparent. Local public bodies are increasingly working in partnership to provide public services and these arrangements are becoming more complex. These are often non-statutory arrangements and can involve NHS bodies (commissioners and providers), local authorities and other public or private organisations.

Over the last three years, concerns over partnership working arrangements have increasingly been a reason for local auditors qualifying their value for money conclusions. But local auditors can only report on the arrangements in place within the individual bodies they audit, so only provide a partial view of how a partnership is performing. Central departments currently say little in their Accountability Systems Statements about how they use information reported by local auditors. It is crucial, that central departments explain in overall terms what assurance they take from local audit findings and ensure that partnership funding arrangements and lines of accountability are absolutely clear and transparent.

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

- ***the use of the assurance provided by local auditors; and***
- ***how they will get assurance in areas not covered by local audit, such as how partnerships are held to account for joint decisions and responsibilities***

5.1 The government agrees with the Committee's recommendation.

Revised Target Implementation Date: Winter 2022

Original Target Implementation Date: September 2019

5.2 The publication of the next Department of Health and Social Care (DHSC) Accounting Officer System Statement (AOSS) has been unavoidably delayed because of the need to prioritise the response to the COVID-19 pandemic.

5.3 Work is now underway to incorporate wider changes that are required to the Statement following a review by the Accounting Officer.

Ninety-First Report of Session 2017-19

Department of Health and Social Care and NHS England

NHS financial sustainability: progress review

Introduction from the Committee

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

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

Relevant reports

- NAO report: [NHS financial sustainability](#) - Session 2017-19 (HC 1867)
- PAC report: [NHS financial sustainability: progress review](#) - Session 2017-19 (HC 1743)
- Government report: [NHS Long Term Plan](#)
- [Treasury Minutes](#): June 2019 (CP113)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Correspondence to the PAC dated 13 December 2021](#)
- [Treasury Minutes Progress Report](#): correspondence published January 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: correspondence published January 2022 above, the remaining recommendation is updated below.

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

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

6.1 The government agrees with the Committee's recommendation

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

6.2 Since the Department of Health & Social Care's last update to the Committee in January 2022, the [Health and Care Act](#) received Royal Assent on 28 April 2022 and will begin commencement in law from 1 July 2022. The department will write to the committee in July to confirm the Act has come into effect.

6.3 The Act will establish Integrated Care Boards (ICBs) as statutory organisations and create governance arrangements for them. These will be supported by new duties and a retained duty of co-operation. Furthermore, the Act proposes that NHS England, ICBs, Trusts, and Foundation Trusts will all hold duties, described as '[the triple aim](#)', to have regard to the wider effects of their decisions on health and wellbeing, quality of services, and the use of NHS resources – this is intended to align NHS bodies around common objectives and support integration.

6.4 Integrated Care Systems (ICSs) will bring together NHS, local government, and other partners, who each retain formal accountability for their statutory functions. For example, NHS providers will retain their current organisational and financial statutory duties, and this will be supplemented by a new joint duty to seek to achieve any system financial objectives, that will apply to both providers and the ICB.

6.5 This will be reinforced by the new arrangements which will support system partners to develop and maintain a working principle of mutual accountability, where, alongside their formal accountability relationships, all partners consider themselves collectively accountable to the population and communities they serve, and to each other for their contribution to the ICS's objectives. This is currently being supported by NHS England and further support will be provided where partnership arrangements are less well developed, including through the [Integrated Care Partnership guidance and the ICB design framework](#) which is accessible online.

Ninety-Sixth Report of Session 2017-19

Department of Health and Social Care

Adult Health Screening

Introduction from the Committee

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

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

Relevant reports

- NAO report: [Investigation into the management of health screening](#) Session 2017–19, (HC 1871),
- PAC report: [Adult health screening](#) – Session 2017-19 (HC 1746)
- [Independent Breast Screening review](#) – (HC 1799) December 2018
- [Independent Review of National Cancer Screening Programmes in England](#): Interim report by Professor Sir Mike Richards
- [Treasury Minutes](#): July 2019 (CP 151)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): correspondence sent to PAC December 2021

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (correspondence above), the remaining recommendation is updated below.

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

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

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2023

Original target implementation date: December 2020

5.2 The Digital Transformation of Screening (DToS) Programme was set up by NHSX to plan and deliver new screening IT in response to the Committee's recommendation. This programme is split into 2 parts:

- Part A – Interim Cervical Screening Management System
- Part B – Strategic Delivery Programme.

5.3 Work continues to develop the new NHS Cervical Screening Management System (CSMS) as part of the programme to decommission the use of National Health Application and Infrastructure Services (NHAIS), the platform currently used for the national call and recall system for NHS cervical screening. NHS Digital is in the process of building the different components of CSMS.

5.4 A re-planning exercise for CSMS is currently underway by NHS England and NHS Improvement (NHSEI) and NHS Digital. The re-planning exercise is being led by a new and experienced Programme Director from NHS Digital working closely with colleagues in NHSEI and the Cervical Screening Administration Service. The approach to delivering an updated plan was presented to the DToS Programme Board on 6 April 2022.

5.5 Significant detailed work is underway to finalise the updated plan and to confirm dates for implementation. An updated plan and implementation dates for each phase of delivery was provided to the DToS Programme Board on 11 May 2022.

5.6 The Digital Transformation of Screening (DToS) Programme Board, responsible for the implementation programme, is seeking to confirm a go live date for the minimum viable product for CSMS during this Financial Year 2022-23. The Board will also agree the schedule and contents of subsequent releases.

Ninety-Eighth Report of Session 2017-19

Department for Education

The Apprenticeships Programme: progress review

Introduction from the Committee

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

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

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

Relevant reports

- NAO report: [The apprenticeships programme](#) – Session 2017-19 (HC 1987)
- PAC report: [The apprenticeships programme: progress review](#) – Session 2017-19 (HC 1749)
- [Treasury Minutes](#): July 2019 (CP 151)
- [Treasury Minutes Progress Report](#): February 2020 (CP 221)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below:

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

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

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Education's (the department's) response on productivity has been published in the annual [Benefits Realisation Report](#) since 2019 and is now integrated within

the programme's performance monitoring, concluding the department's implementation of actions in response to the Committee's recommendation.

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

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

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Following Spending Review 2020, the department set out its long-term vision for the programme and refreshed its benefits realisation strategy. This builds on the previous reforms and is more ambitious in that it aims to increase the proportion of starts for apprentices from minority ethnic groups (excluding white minorities) and apprentices with a declared learning difficulty or disability (LDD). The department is also tracking achievement rates for apprentices from minority ethnic groups and LDD apprentices.

Ninety-Ninth Report of Session 2017–19

Cabinet Office

Cyber Security in the UK

Introduction from the Committee

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

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

Relevant reports

- NAO Report: [Progress of the 2016-2021 National Cyber Security Programme](#) – Session 2017-19 (HC 1988)
- PAC Report: [Cyber Security in the UK](#) – Session 2017-19 (HC 1745)
- [Treasury Minute: CP 176](#) - Session 2017-19
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): – May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendation is updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Cabinet Office has now published a long-term coordinated approach to cyber security. The [National Cyber Strategy 2022](#) was released publicly in December 2021. This strategy defines a ten-year vision and sets objectives to 2025.

1.3 Its aims reflect overall ambitions established in the Integrated Review (IR) - cementing the UK's position as a responsible and democratic cyber power, and to be a country that is able to realise the opportunities of digital technology for its economy and citizens. The IR recognised, as does the Strategy, the need to keep adapting, innovating and investing to ensure the UK's competitive edge is maintained.

1.4 To deliver against this goal, the new National Cyber Strategy is supported by £2.6 billion investment over the Spending Review Period. The Strategy is centred around five main aims:

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

1.5 Since the publication of the National Cyber Strategy, the Cabinet Office has also released in January 2022 the first ever [Government Cyber Security Strategy](#) that will shape and drive long term cyber security improvement across the public sector.

One-Hundredth Report of Session 2017-19

Department of Health and Social Care and NHS England

NHS waiting times for elective and cancer treatment

Introduction from the Committee

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

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

Relevant reports

- NAO report: [NHS waiting times for elective and cancer treatment](#) - Session 2017-19 (HC 1989)
- PAC report: [NHS waiting times for elective and cancer treatment](#) - Session 2017-19 (HC 1750)
- Treasury Minute: [October 2019](#) (CP 176)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- Treasury Minutes Progress Report: correspondence June 2021 (unpublished by the Committee)
- [Treasury Minutes Progress Report](#): correspondence December 2021
- PAC report: ['NHS backlogs and Waiting Times in England'](#) published on 16 March 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (correspondence from December 2021 above), the remaining recommendations are updated below.

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

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

- 1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 As well as managing ongoing and changing COVID-19 demand, in February 2022, NHS England published '[Delivery plan for tackling the COVID-19 backlog of elective care](#)', which set out a set of performance ambitions. This is a significant recovery programme focused on boosting patient choice, expanding capacity, prioritising most vital care and transforming the way care is delivered.

1.3 To support this plan, the government plans to spend more than £8 billion from 2022-23 to 2024-25, supported by a £5.9 billion investment in capital – for new beds, equipment and technology. This is in addition to the £2 billion Elective Recovery Fund and £700 million Targeted Investment Fund (TIF) already made available to systems in 2021-22 to help drive up and protect elective activity. Through the annual NHS operational planning process, guidance was issued, [setting the expectations for recovery in 2022-23](#) that should be demonstrated in the plans submitted by Integrated Care Systems.

1.4 There will be a consistent national focus on the first milestone in the delivery plan: namely by July 2022, no-one will wait longer than two years (104 weeks) for elective care, apart from those who choose to, and a very small number of specific highly specialised areas. As part of local planning to deliver this milestone there is a clear support offer for the most challenged trusts, including establishing a national hub for mutual aid, to facilitate cross-regional treatment options.

1.5 The NHS has prioritised cancer throughout the pandemic. For example, urgent cancer referrals have been at record levels, showing an c. 10% uplift in Sept 2021 – Jan 2022 compared to pre-pandemic levels. The focus on reducing the backlog means that a greater number of reported treatments will occur after the target time until the backlogs are cleared. However, the number of patients waiting longer than 62 days to start cancer treatment following an urgent referral has now reduced to around 21k patients, from a peak of over 34k patients in May 2020. The ambition is to reduce the backlog to 14.5k patients by March 2023.

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

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

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

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The NHSE mandate embeds headline metrics measuring overall Long-Term Plan (LTP) implementation progress, including broader priorities for health, metrics on A&E performance and waits for planned care. NHSE have been asked to report regularly and systematically against these and progress is considered as part of the department's arrangements to assure delivery at mid-year and year-end as well as on a rolling basis at more frequent intervals throughout the year.

2.3 The [NHS 2022-23 Operational Planning Guidance](#) outlines and recognises multi-year challenges, where systems will develop ambitious recovery plans to recover to pre-pandemic activity levels. The government financial settlement included additional funding in 2021.

2.4 The elective recovery programme is focused on boosting patient choice, expanding capacity, prioritising most vital care and transforming the way care is delivered. The delivery plan for tackling the elective COVID-19 backlog has been developed with expert contributions from a wide range of partners, internal and external to the NHS (including patient groups). It sets out a progressive agenda for how NHS elective care will recover over the next three years; with clear set metrics and deliverables. It details ambitions, guidance, and best practice to help systems address key issues, explains how the NHS will take the opportunity to build on current success, embedding new ideas to ensure elective services are fit for the future.

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

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

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

3.1 The government agrees with the Committee’s recommendation.

Revised target implementation date: April 2023

Original target implementation date: April 2020

3.2 Continued work on the review was delayed by the COVID-19 pandemic. Although COVID-19 delayed the initial development of Clinically led Review of NHS Access Standards, NHS England has now made progress across its various strands. Any future recommendations for changes to the current standards for elective care will include learning from the recovery.

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

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

5.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

5.2 The [Richards’ Review of diagnostic capacity](#), commissioned as part of the NHS LTP and published in October 2020, set out capacity requirements for diagnostic services over the next 5 years.

5.3 Supported by a £325 million investment in diagnostics at the 2020 Spending Review, 73 Community Diagnostic Centres (CDCs) are live and reporting activity each week, with ambitions to deliver up to 160 CDCs by 2025.

5.4 The [government announced](#) in September 2021 that it will establish a new £250 million Elective Recovery Technology Fund to enable cutting edge technologies and provide a further

£250 million funding to increase operating theatre capacity and improve productivity in hospitals, which together will increase elective capacity. Additionally, there is the £700 million Targeted Investment Fund (TIF) already made available to systems this year to help drive up and protect elective activity. More broadly to support elective recovery, the government plans to spend more than £8 billion from 2022-23 to 2024-25, supported by a £5.9 billion investment in capital – for new beds, equipment and technology.

5.5 The NHS is focussed on maximising bed capacity through safe and efficient discharge processes and reducing long length of stay to the degree the NHS can. The [Elective Recovery Plan](#) recognises that the NHS needs more surgical capacity – more operating theatres and more beds. Crucially, it supports other recommendations to establish surgical hubs nationally, where planned operations are better protected from winter pressures and COVID-19 outbreaks. Capital provided will help address this issue to some degree.

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

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

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The NHS Operational Planning and Contracting Guidance and the associated operational planning process is the key mechanism through which NHS England mandates NHS organisations to develop operational plans to deliver key priorities, including waiting times. It also produces and provides several enabling tools to support local organisations through the annual planning process and plan demand accordingly. The planning process for this financial year includes a requirement for specific plans on bed, theatre and diagnostic capacity.

6.3 Future demand for elective services has been significantly affected by the pandemic and the government has done extensive work to model a range of scenarios to better understand the levels of 'bounce-back' demand. Estimates suggest that there could be over seven million patients who have not come forward for treatment so far during the pandemic, a significant proportion of whom may do so in the coming years. The government continues to work with stakeholders and researchers to understand this better over the coming months, with a view to being able to provide an update in the summer.

6.4 A number of tools have been made available to regions and systems to support the development of robust activity plans for the remainder of this year, as part of the formal activity planning process for the period.

6.5 The recovery programme is also underpinned by comprehensive data and reporting which flow into strategic planning and decision-making tools. These tools enable monitoring progress and rapidly identify variation at Region, System or Trust level: where delivery trajectories are being exceeded, learning can be rapidly identified and rolled-out more widely to accelerate progress.

One Hundred and Second Report of Session 2017-19

Ministry of Defence

Military Homes

Introduction from the Committee

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

Relevant reports

- NAO report: [The Ministry of Defence's arrangement with Annington Property Limited](#) Session 2017–19 (HC 762)
- NAO memorandum: [Service Family Accommodation update](#) January 2017
- PAC report: [Ministry of Defence's contract with Annington Property Limited](#), Session 2017–19, (HC 974)
- [Treasury Minutes](#): October 2019 (CP 176)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendation is updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The department closed the site rent review and completed negotiations with Annington in December 2021.

1.3 A [Written Ministerial Statement](#) was laid out in Parliament in January 2022, providing a full explanation of the outcome of the site rent review and subsequent steps taken to improve the value for money of these arrangements.

One Hundred and Fifth Report of Session 2017-19

Ministry of Housing, Communities and Local Government

Local Enterprise Partnerships: progress review

Introduction from the Committee

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

Relevant reports

- NAO report: [Investigation into the governance of Greater Cambridge Greater Peterborough Local Enterprise Partnership](#) – Session 2017-2019 (HC410)
- PAC report: [Local Enterprise Partnerships: progress review](#) – Session 2017-2019 (HC1754)
- Treasury Minute [October 2019](#) (CP 176)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendation is updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2023

Original target implementation date: October 2019

3.2 In Strengthened Local Enterprise Partnerships, the government announced that each Local Enterprise Partnership (LEP) must remove its boundary overlaps by April 2020 and submit a proposal to government on its geography by the end of September 2018.

3.3 This has been actioned in the majority of areas, with 35 of 38 LEPs now without overlaps. The West Midlands is the only area of the country where overlapping geographies remain (Stoke-on-Trent and Staffordshire, Worcestershire, Greater Birmingham and Solihull LEPs).

3.4 Since the last progress report to the Committee in November 2021, the government published a [guidance note](#) setting out how it will support the integration of LEP functions into local democratic institutions such as combined authorities, institutions with devolved powers for the purpose of hosting a county deal and, where relevant to 'integration pathway III' of the guidance, some individual local authorities.

3.5 The [guidance, published on 31 March 2022](#), reaffirms the government's position that boundary overlaps dilute LEPs' ability to set clear strategies for their place and confuse the local growth landscape. The remaining LEP overlaps in the West Midlands will be addressed through the process of LEP integration, which will happen more quickly in some areas than others depending on the timing and progress of local devolution. The department expect, for example, the Greater Birmingham and Solihull LEP boundary overlaps to be resolved over the coming year.

3.6 Local democratic institutions, working with their current LEP(s), will be required to evidence how they will remove the geographic boundary overlaps as part of the development of 'integration plans'. Integration plans will be submitted to government and must address the principles of LEP integration, including removal of the remaining boundary overlaps, and will inform future individual core funding decisions.

One Hundred and Eighth Report of Session 2017-19

The Home Office

Emergency Services Network: Further Progress Review

Introduction from the Committee

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

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

Relevant reports

- NAO report: [Progress delivering the Emergency Services Network, Session 2017–19](#), (HC 2140)
- PAC report: [Emergency Services Network, Further Progress Review](#), Session 2017-19 (HC 1755)
- [Treasury Minutes Report](#): October 2019 (CP 176)
- [Treasury Minutes Progress Report](#): - November 2020 (CP 313)
- [Treasury Minutes Progress Report](#) – May 2021 (CP 424)
- [Treasury Minutes Progress Report, November 2021](#) (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendation is updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: September 2022

Original target implementation date: October 2019

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

3.3 Policing have confirmed what their Minimum Standards for Transition (Service Acceptance Criteria) are. The programme continues to work with Fire and the Ambulance Response Programme to finalise the acceptance criteria for all three Emergency Services. This does not impact on the critical path.

3.4 There is one outstanding area of scope: the amount of additional network coverage (above that which is already contracted) which is required to be in place before users commence transition from Airwave to ESN. The programme has done extensive modelling of the likely scale of this work and have an outline approach agreed with users and are now finalising the coverage strategy.

One Hundred and Tenth Report of Session 2017-19

Ministry of Housing, Communities and Local Government and Cabinet Office

Sale of public land

Introduction from the Committee

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

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

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

Relevant reports

- NAO report: [Investigation into the government’s land disposal strategy and programmes](#) Session 2017-19 (HC2138)
- PAC report: [Sale of Public Land](#) Session 2017-19 (HC2040)
- Treasury Minutes: [Update to the Government response to the Committee of Public Accounts on the Ninety-Fifth and on the Ninety-Ninth to the One Hundred and Eleventh reports from Session 2017-19](#)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government’s last response to the Committee on this report: (CP 549 above), one recommendation remained in progress and is updated below.

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

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

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

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

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

7.3 The publication of management information on programme performance was addressed in CP 424. The department will publish, by Summer 2022, the closure report for the Public Land for Housing Programme covering land release and build out data as at the end of the programme in March 2020. This includes a summary of the following:

- Progress made by departments up to the end of the 2015-2020 Public Land for Housing programme, at the end of March 2020.
- Information on progress on building homes on 1,625 sites across England disposed of through both the 2011-15 (PLHP1) and 2015-2020 (PLHP2) Public Land for Housing programmes by the end of March 2020.
- Build out data and land release data correct as of 31 March 2020.

One Hundred and Fourteenth Report of Session 2017-19

Ministry of Housing, Communities and Local Government and Homes England

Help to Buy: Equity Loan scheme

Introduction from the Committee

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

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

Relevant reports

- NAO report: [Help to Buy: Equity loan scheme – progress review](#). Session 2017-19 (HC 2216)
- PAC report: [Help to Buy: Equity loan scheme](#) Session 2017-19 (HC 2046)
- Government independent review: [Evaluation of the Help to Buy Equity Loan Scheme 2017](#) published in October 2018
- [Treasury Minute](#) January 2020 (CP 210)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

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

3.2 In 2019, the Committee recommended that the Ministry of Housing, Communities and Local Government (now the Department for Levelling up Housing and Communities) undertake a further evaluation of the scheme, to understand its value and necessity from 2017 and inform the design and operation of the new scheme.

3.3 The original target implementation date for this evaluation was Autumn 2021. However, following further reflection, it was agreed between the department and the Committee that, as a previous evaluation had already been used to inform the design of the current scheme, the next meaningful evaluation opportunity would be the end of that scheme (March 2023). Preparatory work on this evaluation is set to commence in Autumn 2022, with a target publication date of December 2023. This approach ensures the department achieves the best value for money (VfM) from the next evaluation.

3.4 In the interim, officials committed to reviewing the end of the 2013-21 scheme and the early performance of the new scheme. This work will inform future home ownership policy development. This interim evaluation was originally due to be completed in early 2022, however, this work has been slightly delayed due to external events and the department's response to the conflict in Ukraine. The interim evaluation will now be shared with the Committee by summer 2022.

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

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

5.1 The government agrees with the Committee's recommendation.

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

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

One-Hundred and Fifteenth Report of Session 2017-19

Department of Health and Social Care

Penalty Charge Notices

Introduction from the Committee

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

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

Relevant reports

- NAO report: [Investigation into penalty charge notices in healthcare](#) - Session 2017-19 (HC 2141)
- PAC report: [Penalty charge notices in healthcare](#) - Session 2017-19 (HC 2038)
- Treasury Minute: [January 2020](#) (CP 210)
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- Correspondence sent directly to the PAC dated 13 December and laid out below for reference.

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (correspondence above), the final recommendation has now been implemented and is laid out below for reference.

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

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

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 NHS Business Services Authority (NHSBSA) is continuing to introduce real-time exemption checking (RTEC) technology into pharmacies in England. On 4 October 2021, RTEC was live in 5,894 community pharmacies, across eight pharmacy software suppliers. Of the two remaining suppliers in scope, one is poised to pilot and the other is undergoing system assurance.

4.3 RTEC currently confirms NHSBSA held exemptions. However, a completed application programme interface (API) to enable RTEC to check DWP benefit related exemptions, including full Universal Credit functionality, went live on 16 August 2021. The API is being piloted during autumn 2021; its performance is being closely monitored and early indications are that it is working as intended. On 4 October 2021, the API was live in fifty pharmacy sites. Subject to a successful pilot, this API will be rolled out to pharmacies who have deployed RTEC as soon as possible.

4.4 In summary, development work to support the implementation of RTEC is done. Most pharmacy software suppliers offer RTEC compatible systems. Subject to piloting, the DWP exemption checking API is complete, and half the pharmacies in the country are live with RTEC. An RTEC roll-out plan is in place, with suppliers setting the pace based on their system readiness. The NHSBSA will continue to engage with stakeholders, expedite roll-out where possible and review opportunities for continuous improvement.

4.5 The cost of the RTEC project remains in line with information provided in the [November 2020 update](#).

One Hundred and Nineteenth Report of Session 2017-19

The Home Office

Serious and Organised Crime

Introduction from the Committee

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

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

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

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

Relevant reports

- NAO report: [Tackling serious and organised crime](#) Session 2017–19 (HC 2219)
- PAC report: [Serious and Organised Crime Session](#) 2017-19 (HC 2049)
- [Treasury Minute Report](#) Session 2017–19 (CP210)
- [Letter from Home Office Permanent Secretary to PAC Chair](#) 16 January 2020
- [Letter from Home Office Permanent Secretary to PAC Chair](#) 9 April 2020
- [Letter from Home Office Permanent Secretary to PAC Chair](#) 16 July 2020
- [Treasury Minutes Progress Report](#): November 2020 (CP 313)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 549), the remaining recommendations are updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The government confirmed a three-year funding settlement for policing as part of the Spending Review 2021, with funding for policing announced until 2024-25. This Spending Review settlement provides the police with the financial certainty and stability needed for longer-term, strategic reforms. Total grant funding has been confirmed for police forces for the next three years, with increases of £550 million in 2022-23, at least £650 million in 2023-24 and no less than £800 million in 2024-25. In addition, Police and Crime Commissioners will have up to £10 of precept flexibility in each of the next three years to use according to their local needs. The more granular level of funding on a force-by-force basis will continue to be announced at the annual police funding settlement which allocates funding to forces in addition to announcing the allocation of funding for national priorities.

3.3 As part of the police funding settlement 2022-23, the government has provided further investment in law enforcement intelligence and investigation capacity. Funding for the Regional Organised Crime Units (ROCU) and the National Crime Agency (NCA) was secured via the 2021 Spending Review process. This funding will mean that, until March 2025, the NCA and the ROCU network has confirmed funding so it can continue to tackle Serious and Organised Crime throughout England and Wales. The three year funding settlement will also enable improvements to be made in line with recommendations set out in the [HMICFRS inspection of the ROCU network](#), published in February 2021.

3.4 The Agency's overall budgets have increased significantly and the proportion of Core Voted funding has also increased. This increases the Agency's financial flexibility and resilience, reducing hypothecation. It will enable better strategic investment in the Agency's priorities.

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

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

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Winter 2022
Original target implementation date: Summer 2020

5.2 Work is ongoing to clarify roles and responsibilities at local, regional, and national levels for policing.

5.3 Following the extensive engagement throughout part one of the two-part Police and Crime Commissioner Review, in March 2021 the Home Secretary announced the intention to

consult on potential changes to the Policing Protocol Order 2011 to provide a 'brighter-line' on the boundaries of operational independence and reflect changes in the relationship between the parties to the Protocol which have taken place over time. Following the conclusion of the second part of the two-part Review, on 7 March 2022, the Home Secretary launched an eight-week targeted stakeholder consultation with the representative bodies to the parties to the Protocol and other key policing partners. The consultation closed on 2 May 2022. Responses to the consultation are currently being analysed and advice will be submitted to the Home Secretary with a view to laying a revised Protocol in due course. A paper summarising the responses to this consultation will be published within two months of the consultation's closing date. The decision was taken to wait until the second part of the two-part Review had concluded, before launching the consultation, to enable the sector to engage fully with both exercises.

5.4 The department is currently developing a refreshed set of guidance which focuses on the core role of Police and Crime Commissioners. The guidance will be published on GOV.UK in due course.

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

Reports completed

#	Report Title
1	NHS Property Services
2	Transforming courts and tribunals: progress review

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2019-21

Updates on reports with outstanding recommendations

#	Report Title	Page
1	Support for children with special educational needs and disabilities	86
7	Gambling regulation: problem gambling and protecting vulnerable people	88
8	NHS Capital Expenditure and Financial Management	90
10	Defence capability and Equipment Plan	93
11	Local Authority Investment in Commercial Property	95
12	Management of Tax Reliefs	98
13	Whole of Government Response to COVID-19	100
14	Readying the NHS and social care for the COVID-19 peak	102
17	Immigration enforcement	104
18	NHS Working Workforce	107
20	Tackling the Tax Gap	110
22	Digital Transformation in the NHS	112
23	Delivering Carrier Strike	114
24	Selecting Towns for the Towns Fund	116
26	Department for Work and Pensions Accounts 2019-20	118
27	COVID-19: Supply of Ventilators	120
28	The Nuclear Decommissioning Authority's Management	122
30	Production and distribution of cash	124
31	Starter Homes	126
35	Improving broadband	128
37	Whole of Government accounts 2018-19	130
40	Achieving government long term environmental goals	134
42	COVID-19 procurement and supply of PPE	138
45	Managing flood risk	142
46	Achieving net zero	146
47	COVID-19: test and trace – Part 1	149
49	COVID-19: rough sleepers	151

50	Defence equipment plan 2020-30	153
51	Managing the expiry of PFI contracts	157
52	Key challenges facing the MOJ	159
53	COVID-19: supporting the vulnerable during lockdown	161
54	Improving the singling living accommodation for service personnel	163
55	Environmental tax measures	167
56	Industrial strategy challenge fund	169

Reports completed

#	Report Title
2	Defence Nuclear Infrastructure
3	High Speed 2: Spring 2020 Update
4	EU Exit: Get ready for Brexit Campaign
5	University Technical Colleges
6	Excess Vote 2018-19
9	Water supply and demand management
15	Improving the Prison Estate
16	Progress in remediating dangerous cladding
19	Restoration and renewal of the Palace of Westminster
21	Government Support for UK Exporters
25	Asylum accommodation and support transformation programme
29	Whitehall preparations for EU Exit
32	Specialist skills in the civil service
33	COVID-19 Bounce Back loan
34	COVID-19 Support for jobs
36	HMRC performance 2019-20
38	Managing colleges financial sustainability
39	Lessons learned from major projects and programmes
41	COVID-19: the free school meals voucher scheme
43	COVID-19: planning for a vaccine – Part 1
44	Excess Votes 2019-20
48	Digital services at the border

First Report of Session 2019-21

Department for Education

Support for children with special educational needs and disabilities

Introduction from the Committee

A child or young person has special educational needs or disabilities (SEND) if they have a learning difficulty or disability which calls for special education provision to be made for him or her. At January 2019, 1.3 million school-age children in total were recorded as having SEND. Of these 270,800 pupils (20.6% of pupils with SEND) had legally enforceable entitlements to specific packages of support that are set out in formal EHC (EHC) plans. These were children whom local authorities had assessed as needing the most support. The remaining 1,041,500 children with SEND did not have EHC plans but had been identified as needing some additional support at school. At January 2019, 87.5% of pupils with SEND attended mainstream state primary and secondary schools.

The Department for Education (DfE) is accountable to Parliament for the support system and for securing value for money from the money it provides (£9.4 billion in 2018-19) for schools in England to support pupils with SEND. Local authorities, working with other national and local bodies, have a statutory responsibility to ensure that children with SEND receive the support they need. In September 2014, under the Children and Families Act 2014, the government made substantial changes on how children with SEND are supported. Among the aims for the changes were that children's needs would be identified earlier, families would be more involved in decisions affecting them, and EHC services would be better integrated.

Relevant reports

- NAO report – [Support for pupils with special educational needs and disabilities in England](#): Session 2017-19 (HC 2636)
- PAC report: – [Support for children with special educational needs and disabilities](#): Session 2019-21 (HC 85)
- [Treasury Minutes](#): July 2020 (CP 270)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendation is updated below:

1: PAC conclusion: Many children with SEND are being failed by the support system.

1: PAC recommendation: The Department should, as a matter of urgency, complete and publish its SEND review. The review should set out the actions that the Department and others will take to secure the necessary improvements in support for children with SEND, and the timescale within which families will see practical changes. We expect the Department to explain the evidence it has used to support its conclusions, and to set out what quantified goals it will use to measure success in the short, medium and long term.

1.1 The government agrees with the Committee's recommendation

Recommendation implemented

1.2 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 22 July 2022.

1.3 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 in detail and by whom to deliver better outcomes for children and young people.

1.4 The Parliamentary Under-Secretary of State for Children and Families [wrote to the Committee about the Green Paper on 28 March 2022](#).

1.5 The Department for Education's Permanent Secretary, Director-General for Families and Director of SEND and Alternative Provision gave evidence to the Committee on the SEND and Alternative Provision Green Paper on 9 May 2022.

Seventh Report of Session 2019-21

Department for Digital, Culture, Media & Sport

Gambling regulation: problem gambling and protecting vulnerable people

Introduction from the Committee

Around half of adults in Britain gamble through, for example, betting on sports, going to casinos, and playing arcade or bingo games. In 2018–19, this resulted in commercial gambling companies in Great Britain yielding £11.3bn (that is, bets placed less winnings paid out), raising around £3bn in gambling duties. A significant and growing proportion of this revenue comes from online gambling. For some people, gambling can lead to serious harm, including mental health and relationship problems, debts that cannot be repaid, crime or suicide. There are an estimated 395,000 problem gamblers in Great Britain, with 1.8 million more gamblers ‘at risk’ who may also be experiencing harm.

The Gambling Commission (the Commission) regulates commercial gambling. It aims to ensure gambling is fair and safe and has a duty to protect children and vulnerable people from harm. The Commission is a non-departmental public body and is funded by licence fees from gambling operators, which totalled £19 million in 2018–19, or less than 0.2% of the £11.3 billion gambling yield that year. The Department for Digital, Culture, Media & Sport (the Department) is responsible for gambling policy and the overall regulatory framework. It can introduce legislative changes where necessary, sets licence fees and has an objective to ensure commercial gambling is socially responsible.

Relevant reports

- NAO report: [Gambling regulation: problem gambling and protecting vulnerable people](#) – Session 2019-21 (HC 101)
- PAC report: [Gambling regulation: problem gambling and protecting vulnerable people](#) – Session 2019-21 (HC 134)
- [Treasury Minutes](#): September 2020 (CP 291)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government’s last response to the Committee on this report (CP 549 above), one recommendation remained in progress and is updated below.

4: PAC conclusion: *Where gambling operators fail to act in a socially responsible way, consumers do not have the same rights of redress as other sectors.*

4: PAC recommendation: *The Department and Commission should work together to assess the impact on consumers of gaps in redress arrangements and examine options for increasing statutory protections with an individual right of redress for breaches of the Social Responsibility Code of Practice. In their response to this Committee, they should explain how they intend to resolve these gaps and report back on a plan for more effective consumer protection and redress within 6 months.*

4.1 The government agreed with the Committee’s recommendation.

Revised target implementation date: Summer 2022
Original target implementation date: Summer 2021

4.2 The Department for Digital, Culture, Media and Sport (DCMS) agreed that work was needed to consider the current framework for consumer redress. Questions on this subject were included in the Call for Evidence on the Review of the Gambling Act 2005 which closed on 31 March 2021. The department has been considering all evidence submitted on this issue and evaluating potential options and proposals for reform. Conclusions to this report will be published in a white paper in the next few weeks. Once published, this recommendation will be implemented.

4.3 Following an earlier consultation, the Gambling Commission confirmed on 14 April 2022 that it will bring into effect strengthened requirements around how online operators identify and interact with at-risk customers, including new licence conditions. Further detailed guidance for operators will be published in June 2022.

Eighth Report of Session 2019–21

Department of Health and Social Care

NHS Capital Expenditure and Financial Management

Introduction from the Committee

The Department of Health & Social Care (the Department) has overall responsibility for healthcare services. It is accountable to Parliament for ensuring that its spending, as well as spending by NHS England and NHS Improvement (NHSE&I), other arm's-length bodies and local NHS bodies, is contained within the overall budget authorised by Parliament. The Department is also responsible for ensuring that those organisations perform effectively and have governance and controls in place to ensure they provide value for money. The Department also sets an annual NHS capital budget based on local spending trends and central initiatives and is responsible for ensuring that the capital limit is not exceeded. Most of the funding allocated to the Department is given to NHS England to plan and pay for NHS services. In 2018–19, this amounted to £113.6 billion, with most of this spent by 195 clinical commissioning groups (CCGs) which purchased services from 227 trusts.

In June 2018, the Prime Minister announced a long-term funding settlement for the NHS, which will see NHS England's budget rise by an extra £33.9 billion in cash terms by 2023–24. This equates to an average annual real-terms increase of 3.4%. In January 2019, NHSE&I published the NHS Long Term Plan (the Plan), setting out how it aims to achieve the range of priorities set by the government in return for the long-term funding settlement.

Relevant reports

- NAO report: [Review of capital expenditure in the NHS](#)– Session 2019-20 (HC 43)
- NAO report: [NHS financial management and sustainability](#) – Session 2019-20 (HC 44)
- PAC report: [NHS capital expenditure and financial management](#)– Session 2019-21 (HC 344)
- Treasury Minutes: [September 2020](#) (CP 291)
- [Correspondence](#) from the DHSC to the Public Accounts Committee: January 2021
- Treasury Minutes [Progress Report](#): May 2021 (CP 424)
- [Correspondence to the PAC](#) dated December 2021

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (correspondence above), the remaining recommendations are updated below.

2: PAC conclusion: In addition, a lack of clarity persists on key areas of health and care spending that are likely to affect the NHS's ability to deliver the Plan, including capital, education and training and social care. Conclusion bullet style

2: PAC recommendation: To ensure a sustainable NHS, the Department and NHSE&I should review how it directs its support to the most challenged parts of the NHS and how this will support a coherent plan to return to normal services and service improvements after the COVID-19 peak. This includes continuing to take on board our previous recommendations and the current ones in this report on improving financial and service sustainability across the NHS. The Department and NHSE&I should write to the PAC by December 2020 to update us on its progress in this regard.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 Spending Review 2021 clarified all budgets for health and social care. The new Health and Social Care Levy, along with an increase to the rates of dividend tax, will raise around £13 billion per year for spending on health and social care across the UK. In England, funding from the Levy, on top of the historic long-term NHS settlement announced in 2018, means that the NHS resource budget will increase to £162.6 billion in 2024-25, up from £123.7 billion in 2019-20. This includes over £8 billion the government plans to spend over the next three years to tackle the elective backlog. An extra £5.9 billion of capital was also announced to support elective recovery, diagnostics, and technology over the next three years. Within a challenging financial climate these resources should allow the NHS to cope with the on-going impact of COVID-19 and to begin recovering elective activity.

2.3 The Planning Guidance for 2022-23 sets out the expectations of the NHS for the coming financial year, including restoring services, meeting new care demands and reducing the care backlogs that are a direct consequence of the pandemic.

2.4 For 2022-23, the temporary financial arrangements put in place during the first two years of the COVID-19 pandemic are ending. An updated approach building on learning from the Covid financial framework is being put in place to support the NHS to recover operational and financial performance. This is set out in the published '2022-23 priorities and operational planning guidance' and supporting material. The main actions being taken are:

- Updating the Integrated Care Board (formerly CCG) target allocations formula to build in latest demographic information and evidence on 'unavoidable' costs over which systems have no or limited control.
- Including sustainability funding (Financial Recovery Fund) in core allocations and establishing a new approach to converge current allocations (including sustainability funding) back towards target allocations over time. Those systems consuming the greatest excess resource compared to their target allocation will have a greater efficiency ask.
- Updating the payments system, moving away from episodic activity-based payments towards aligned payment arrangements, which have a greater regard to the cost of delivering services for the relevant provider.

2.5 NHSEI uses the NHS System Oversight Framework to segment systems and individual provider trusts based on the identified level of support needs. The most challenged systems/provider trusts receive intensive support through the nationally co-ordinated Recovery Support Programme. Currently, five systems and 15 provider trusts are being supported through the RSP.

5: PAC conclusion: The NHS has still not published a capital funding strategy to support the NHS Long Term Plan.

5: PAC recommendation: The Department and NHSE&I should identify a capital strategy and provide clear guidance to local partnerships, that supports the NHS Long Term Plan, including expectations on how backlog maintenance costs will be addressed alongside competing priorities for digital investment and the Health Infrastructure Programme.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2022

Original implementation date: Autumn 2020

5.2 Since the last update sent to the Committee in December 2021, the department has continued developing a detailed vision for health and social care capital, working with HM Treasury to align priorities. The capital strategy will be informed by the policy ambitions of government as well as engagement with NHSE&I and the wider health and social care sector. The strategy will take into account the outcome of Spending Review 2021, which has provided clarity on funding over the next three years. The aim is to publish a revised capital strategy by the autumn of 2022. The NHS has been given multi-year capital allocations to support operational planning and new capacity.

6: PAC conclusion: NHSE&I has yet to publish its long-awaited 'people plan' and there is a continued lack of long-term investment in people and training, which is not helped by the lack of alignment across the Department, NHSE&I and Health Education England.

6: PAC recommendation: The Department should review the effectiveness of having a separate body overseeing the planning and supply of the NHS's future workforce. NHSE&I should work with Health Education England to evaluate how workforce planning can be improved including the integration of training and education funding models with service planning and delivery in order to overcome persistent challenges. The Department, NHSE&I and Health Education England should write to the Committee by December 2020 to update us on progress in this regard.

6.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

6.2 On 22 November 2021, the Secretary of State for Health and Social Care announced that, subject to the passage of legislation, Health Education England (HEE) would merge with NHS England. The proposal was included in the Health and Care Bill 2021, which has now received Royal Assent.

6.3 NHS England and NHS Improvement (NHSE&I) and HEE have been working together to ensure that workforce investment is aligned to key government priorities, including elective recovery and the NHS Long Term Plan and have outline proposals through to 2024-25 that are subject to government approval. The merger will help ensure that service, workforce, and finance planning are integrated in one place at a national and local level. It will simplify the national system for leading the NHS, ensuring a common purpose and strategic direction. It will also enable swifter implementation of the changes needed in education and training so enabling employers to recruit the health professionals they need to provide the right care to patients in future.

6.4 The department has commissioned NHSE&I and HEE to develop a long-term workforce strategy, building on HEE's Framework 15 which is due to be published imminently. The CEO of HEE, is the Senior Responsible Officer for the workforce strategy, working closely with the NHSE&I Acting Chief People Officer, to consider future workforce supply alongside retention, career development and workforce productivity. Key conclusions of this work will be set out in due course.

Tenth Report of Session 2019-2021

Ministry of Defence

Defence capability and Equipment Plan

Introduction from the Committee

The Department's Equipment Plan report 2019 to 2029 (the Plan) sets out its spending plans for the next 10 years on projects to equip the Armed Forces. This currently amounts to £181 billion of equipment and support projects (42% of its entire budget). The Plan also assesses whether its equipment and support projects and programmes are affordable. The Department needs to manage this expenditure effectively to ensure the Armed Forces can secure and maintain all the equipment that they need. It introduced the Equipment Plan in 2012 after identifying a significant gap between funding and forecast costs across the defence programme.

Equipment delivered through the Plan is key to meeting the Department's strategic requirements and objectives. In order to fully deliver the capability, it also needs sufficient trained personnel, information technology, and logistics and maintenance support. The Department estimates that around 20,000 civilians and military personnel within the Department are involved in delivering such capabilities. The Department has historically struggled to deliver new or replacement capabilities on schedule and in a fully functioning state.

Relevant reports

- NAO report: [Defence Capabilities - delivering what was promised](#) Session 2019-21 (HC 106)
- NAO report: [The Equipment Plan 2019 to 2029](#) Session 2019-20 (HC 111)
- PAC report: [Defence capability and Equipment Plan](#) Session 2017-21 (HC 247)
- [Treasury Minutes, September 2020](#) (CP 291)
- [Annual Report and Accounts \(ARAc\)](#): 22 October 2020
- [Defence Equipment Plan 2020](#) :12 January 2021
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)
- [Defence Equipment Plan 2021](#): 21 February 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendation is updated below.

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

1b: PAC recommendation: The government's promised Integrated Review must balance ambitions for future military capabilities with an affordable long-term investment programme. Given the Review has been delayed, in the interim, the government should provide as much certainty as possible on as many defence programmes as possible.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 Following the Spending Review 2020-21, the Ministry of Defence (the department) has now set out an affordable plan in the [Equipment Plan 2021](#) (published 21 February 2022). The department has balanced spending decisions to ensure it has addressed an existing deficit whilst also investing in new capabilities in line with priorities and aims outlined in the Integrated Review. The department's Equipment Plan outlines £238 billion of spending on Defence over the next ten years. The Plan highlights a range of complex programmes and ambitious modernisation plans, including next generation fighter jets and more ships for the Royal Navy, that will ensure the Armed Forces have cutting-edge resources to meet future threats.

Eleventh Report of Session 2019-21

Ministry of Housing, Communities and Local Government

Local Authority Investment in Commercial Property

Introduction from the Committee

Local authorities have a range of powers to acquire commercial property. In some instances, authorities also have powers to finance these investments through borrowing. This legal framework allows them to secure properties to support their regeneration, local growth and place-making activities. Local authority borrowing and investment takes place within the prudential framework, made up of powers and duties and a set of statutory codes and guidance to which authorities must have regard. New codes and guidance were published in December 2017 and February 2018, following our 2016 report, but they are clearly not being complied with by some local authorities. Local authorities have a high degree of autonomy within this framework and can set their borrowing at whatever level they decide is affordable. The codes and guidance seek to restrict borrowing purely for the purpose of profiting from investing the borrowed money. According to the Chartered Institute of Public Finance and Accountancy (CIPFA) borrowing purely to invest for yield has traditionally been presumed to be unlawful, unless undertaken by an arm's-length trading company. The Ministry of Housing, Communities & Local Government (the Department) has overall policy responsibility for the prudential framework alongside its wider responsibility for the overall local government finance system. This means the Department is ultimately responsible for ensuring the prudential framework is functioning as intended and understanding and monitoring the risks to local authorities' finances from their borrowing and investment activities. The integrity of the prudential framework, and the Department's role in ensuring the framework functions effectively, have become increasingly important as local authorities have responded to a sustained period of funding reductions by generating income through a variety of commercial investment models.

Relevant reports

- NAO report: [Local Authority Investment in Commercial Property](#) – Session 2019-20 (HC 45)
- PAC report: [Local Authority Investment in Commercial Property](#) – Session 2019-20 (HC 312)
- [Treasury Minutes, September 2020](#) (CP 291)
- [Treasury Minutes Progress Report: May 2021](#) (CP 424)
- [Treasury Minutes Progress Report: November 2021](#) (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining are updated below:

3: PAC conclusion: Where a local authority uses prudential borrowing, it must set aside money each year to repay the debt.

3b: PAC recommendation: The Department should undertake a review of the MRP guidance and consider whether its statutory basis should be strengthened and how to require local authorities to improve the clarity and transparency in relation to commercial property purchases.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The government has worked with CIPFA and sector representatives on proposed changes to the regulations that underpin the Minimum Revenue Provision (MRP) duty, to improve sector compliance. The government conducted a consultation on its proposals from 30 November 2021 to 8 February 2022. In addition, the government held three roundtables from 31 January to 2 February 2022, with attendees from councils and other sector stakeholders. Over 100 authorities attended the roundtables and there were 134 respondents to the consultation, of which 119 were from authorities.

3.3 A particular issue raised by many respondents concerned the treatment of capital loans made by authorities to third parties to deliver housing, transport and other priorities. The government is now carefully considering how to refine the proposals to avoid the risks and potential unintended consequences highlighted through the consultation process, while still meeting the original objective of strengthening the duty to make prudent MRP.

3.4 The government plans to introduce the changes to legislation in summer 2022 to be effective from April 2023 onwards, at the earliest. The government will update the MRP statutory guidance to reflect the changes in the second half of 2022.

5: PAC conclusion: Taken together these changes represent a significant 'hard' intervention and demonstrate that the 'soft' approach of guidance changes has failed.

5: PAC recommendation: The Department should take steps to ensure that future interventions are more timely and effective, and subject to rigorous post implementation review to ensure lessons are learnt.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The government remains committed to assessing the impact of its specific interventions in a timely and robust way. Once changes to the Framework have been implemented, the department will conduct evaluations and lessons learned when the changes have been in place long enough to have a measurable effect.

5.3 To monitor the effectiveness of its actions on sector behaviour, the government is improving both the data that is collected and the way the data is used to assess risk. It has made changes to the annual *Local Authority Revenue Expenditure and Financing* collections form to include data on:

- income from local authority financial investments;
- income and costs from commercial properties;
- the general location of commercial properties; and
- losses and gains from financial assets such as equity, loans and bonds for each authority.

The first returns of this form are due in summer 2022. In addition, since September 2021, local authorities must submit three-year capital plans to the government in order to access the Public Works Loan Board. This provides additional data to monitor sector practices and identify risk in advance. Using the combination of available data sources, the government has developed a broader range of quantitative metrics to monitor risk more effectively.

5.4 To enable effective intervention, the government is seeking to extend its statutory powers through the Levelling Up and Regeneration Bill. The powers will allow the government

to investigate and, if needed, require the authority to take action to reduce risk levels. Details will be developed and taken forward alongside that Bill.

10: PAC conclusion: Local governance arrangements are not robust enough with some authorities' commercial investments not being properly transparent or subject to adequate scrutiny and challenge.

10: PAC recommendation: The Department should:

- **work with LGA to disseminate good practice about transparent and inclusive decision making;**
- **following discussion with the sector, set clear expectations about the details required in capital strategies not only about planned investments but also previous investments including their performance against expectations, financing costs, the scale of contingency reserves, and their contribution to service budgets; and**
- **work with relevant partners to support local arrangements for scrutiny and challenge of council investments.**

10.1 The government agrees with the Committee's recommendation.

Recommendation implemented

10.2 The government commissioned an external review of governance and capability of investment decision-making and management in local government. The review commenced in April 2022. It will have two stages, the first stage being a landscape review to identify the key systemic issues and failures, and the second stage to commission guidance and training targeted at the areas that need the most improvement. The government will publish findings from the review and make available guidance or other products as appropriate.

10.3 The government worked with CIPFA on the revised [Prudential](#) and [Treasury Management](#) Codes, published December 2021. The updated codes provide greater clarity and additional metrics and guidance on managing risk. The government plans to review and update its own statutory guidance on local government investments in summer 2022 to make expectations clear about planned and previous investments, along with their performance against expectations.

10.4 The government published a policy paper in July 2021, setting out its expectations on capital borrowing and investment strategies. It also clarified its planned action for greater monitoring to inform engagement with the sector and proportionate response to risk. The government also made changes to the operation of the Public Works Loan Board (PWLB) in November 2020, to prevent local authorities from accessing PWLB borrowing where they are planning on undertaking investments primarily for yield. This prevents local authorities putting taxpayers' money at risk by taking on excessive debt in pursuit of commercial income. To implement this, the department considers capital plans from local authorities to determine whether borrowing is within the PWLB rules.

Twelfth Report of Session 2019-21

HM Revenue & Customs and HM Treasury

Management of tax reliefs

Introduction from the Committee

Tax reliefs reduce the tax an individual or business owes. Many tax reliefs, such as the income tax personal allowance, are integral parts of the tax system and define the scope and structure of tax. The UK also had 362 tax reliefs at October 2019 where government opts not to collect taxes due in order to support social or economic objectives. Some of these tax reliefs reflect policy decisions to support a particular group or sector, such as the housing market. Others are designed to incentivise the behaviour of individuals or businesses by making a choice less costly, such as tax reliefs on pension contributions, or reliefs on research and development expenditure.

HMRC is responsible for estimating and reporting the cost of tax reliefs. It has reported estimates for 158 reliefs with economic and social objectives. These estimates indicate that the aggregate cost of these reliefs could be £159 billion a year. The additional tax that would be collected if these reliefs were removed is likely to be less than £159 billion as some taxpayers would respond by changing their behaviour and there may be wider economic impacts. The cost of the remaining 204 reliefs with economic and social objectives is not known.

HM Treasury and HMRC (the exchequer departments) work in partnership and oversee tax reliefs. HM Treasury leads on the design of tax reliefs and monitors their value for money and relevance. HMRC implements tax reliefs, monitors their use and cost, and evaluates them.

Relevant reports

- NAO report: [The management of tax expenditures](#) - Session 2019-20 (HC 46)
- PAC report: [Management of tax reliefs](#) – Session 2019-21 (HC 379)
- Treasury Minutes: September 2020 (CP 291)
- [Treasury Minutes Progress Report](#) - May 2021 (CP 424)
- [Treasury Minutes Progress Report](#) - November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below.

2: PAC conclusion: HMRC and HM Treasury are insufficiently curious about the impact of some key tax reliefs on different groups.

2a: PAC recommendation: HMRC should assess the groups and sectors benefiting from all significant reliefs and publicly report the results during 2021.

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 In 2021, HM Revenue and Customs (HMRC) expanded the statistics it publishes about groups and sectors benefiting from reliefs, with information on two further significant reliefs. The [latest release](#) in December 2021 included additional detail on the most significant non-

structural tax reliefs, where data was available, linking to existing government reports containing analysis of beneficiaries of these reliefs. The publication also included new distributional analysis on pensions tax relief and Business Asset Disposal Relief (BADR).

2b: PAC recommendation: For pension reliefs, HMRC should publish data showing who is benefiting, split by: income; groups with protected characteristics such as gender, age, ethnicity; people working in the public and private sectors; and people in defined contribution and defined benefit schemes.

2.3 The government agrees with the Committee's recommendation

Recommendation Implemented

2.4 In December 2021, HMRC [published statistics](#) on the beneficiaries of pension reliefs, split by income and people working in the public and private sector and people in defined benefit and contribution schemes. No data has been published by HMRC regarding how groups with protected characteristics are benefiting from pension reliefs. Out of these characteristics HMRC only has limited data on age and gender but not in a format that makes accurate distributional analysis of pension reliefs possible.

3: PAC conclusion: The exchequer departments are not transparent with Parliament on which tax reliefs need to change taxpayer behaviour for government objectives to be achieved.

3a: PAC recommendation: HMRC should, within three months, publish a list of all new and existing reliefs with objectives that include changing behaviour and specify the objectives of each.

3.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 HM Treasury and HMRC has collated the objectives of all non-structural tax reliefs available to taxpayers and published these as part of Tax Administration and Maintenance Day in 2021. Non-structural tax reliefs are defined as reliefs that help or encourage particular taxpayers, activities or products in order to achieve economic or social objectives, this includes tax reliefs with objectives to change behaviour. The list of [non-structural tax reliefs and objectives](#) was published on GOV.UK in November 2021.

Thirteenth Report of Session 2019-21

Cabinet Office / Department of Health and Social Care / Department for Business, Energy and Industrial Strategy / Ministry of Housing, Communities and Local Government / HM Treasury

Whole of Government Response to COVID-19

Introduction from the Committee

The UK Government implemented an extensive range of measures in response to the COVID-19 pandemic. The final costs of the government's response are large and uncertain at this time and will depend on the continuing health and economic impacts of the pandemic. At the time we took evidence for this inquiry it was on the basis of the Comptroller and Auditor General's report in May, which set out that, between 31 January and 4 May 2020, the government made more than 500 announcements on its response to the pandemic, and had announced £124.3 billion of government programmes, initiatives and spending commitments. That £124.3 billion included: £6.6 billion for health and social care measures; £82.2 billion for financial support to businesses, including support for retaining jobs, loans and grants; £19.5 billion for individuals, including benefits and sick pay and support for vulnerable people; and £15.8 billion for other public services and the wider emergency response, including funding for local government services, education and children's services.

Relevant reports

- NAO report: [Overview of the UK government's response to the COVID-19 pandemic](#) Session 2019-21 (HC 366)
- PAC report: [Whole of Government Response to COVID-19](#) Session 2019-21 (HC 404)
- [Treasury Minutes, September 2020](#) (CP 291)
- [Treasury Minutes Progress Report](#) – May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below.

2. PAC conclusion: We are astonished by the government's failure to consider in advance how it might deal with the economic impacts of a pandemic.

2: PAC recommendation: The Cabinet Office should review its contingency planning for the most serious risks and ensure that these consider whole-of-government impacts, including economic modelling. It should report back to the Committee on what action has been taken by September 2020.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 Contingency planning across government operates under a framework of subsidiarity, with designated lead government departments for specific risks and impacts. A number of departments, including HM Treasury (HMT), Department for Business, Energy and Industrial Strategy (BEIS) and Cabinet Office have a role in monitoring emerging economic risks, and to ensure the public finances are resilient to those risks. The most significant national security

risks are assessed in the National Security Risk Assessment (NSRA) against a set of seven impact dimensions criteria; 'economic impacts' is one of these dimensions. A recent review of the NSRA methodology has considered the best way to assess economic impacts of risks at the national level and made updates to reflect lessons learned from the COVID-19 response. The 2022 NSRA is currently being updated and will be shared across the government, Local Resilience Forums and Devolved Administrations to support contingency planning.

2.3 Throughout the COVID-19 pandemic, the government has consistently adapted its response as it has learnt more about the virus and how best to tackle it. Following the [Integrated Review](#) (IR) and, as the government learns lessons from the COVID-19 response, the government is also refreshing its approach to national resilience. As committed to in the IR, the government is developing a new Resilience Strategy. This Strategy is being developed in partnership with the devolved administrations and English regions, local government, the private sector and the public. It is due to be published in Summer 2022.

2.4 The existing monitoring systems and economic impact plans enabled the government to understand the scale and nature of the challenge of COVID-19 to the economy as a whole and to act quickly. HM Treasury announced unprecedented policy packages to keep as many people as possible in their existing jobs, support viable businesses to stay afloat and protect the incomes of the most vulnerable – including the Coronavirus Job Retention Scheme (CJRS) and Business Interruption Loan Schemes (CBILS). Balancing consideration of the economic and social implications of restrictions with the need to protect public health and make sure the NHS did not become overwhelmed was challenging, but the government has been committed to a proportionate and flexible response.

4: PAC conclusion: Effective coordination and command structures are critical for good decision making in any ongoing emergency.

4: PAC recommendation: The Cabinet Office should review crisis command structures to ensure that longer-term decision making, as well as the immediate operational response, is properly informed and coordinated effectively across government. The Cabinet Office should update the Committee on the outcome of its review by 1 September 2020.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The government undertakes a lesson learned process following any civil emergency, and command, control and coordination arrangements evolve in response to those. On 12 May 2021, the Prime Minister confirmed to Parliament that a public inquiry into the United Kingdom's response to COVID-19 would be established on a statutory basis, with full formal powers.

4.3 The government's crisis structures are being considered in full by the Crisis Capabilities Review, which will shortly conclude. The government commits to updating Parliament on the outcomes of this review when complete. In light of learning from the COVID-19 pandemic and responses to other emergencies, framed by the Boardman II Review recommendations, the Cabinet Office has agreed to a series of phased capability improvements to strengthen the government's response to whole-system crises. In addition, the government is strengthening central response arrangements, to provide expertise and support right across domestic and international subject areas. Improvements in its data provision and analysis continue as part of the ongoing development of the National Situation Centre.

Fourteenth Report of Session 2019-21

Department for Health and Social Care

Readying the NHS and social care for the COVID-19 peak

Introduction from the Committee

In England, the Department of Health and Social Care (the Department) has overall responsibility for health and social care policy while NHS England and NHS Improvement (NHSE&I) leads the NHS, providing oversight and support for NHS trusts and foundation trusts. Local NHS trusts provide hospital, community and mental health services, alongside GPs, while local authorities assess care needs and commission social care and public health services. In March this year, NHSE&I was given temporary emergency powers to lead and organise all NHS services directly as it responded to COVID-19.

The Ministry of Housing, Communities & Local Government (the Ministry) has responsibility for the local government finance and accountability systems. Public Health England, working with local authorities and NHS partners, provides health protection services and public health advice, analysis and support to government and the public. This includes monitoring of, preparing for and responding to public health emergencies such as COVID-19.

Relevant reports

- NAO report: [Readying the NHS and adult social care in England for COVID-19](#) - Session 2019-21 (HC 367)
- PAC report: [Readying the NHS and social care for the COVID-19 peak](#) - Session 2019-21 (HC 405)
- [Treasury Minute](#): November 2020 (CP 316)
- [Treasury Minute update](#): Correspondence published 30 June 2021
- [Treasury Minute Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 549), the remaining recommendations are updated below.

2: PAC conclusion: *Discharging patients from hospital into social care without first testing them for COVID-19 was an appalling error.*

2a: PAC recommendation: *The Department and NHS England and NHS Improvement should review which care homes received discharged patients and how many subsequently had outbreaks, and report back to us in writing by September 2020.*

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 As previously reported, the Department of Health and Social Care (DHSC) agrees with the Committee's recommendation. It disagrees with the Committee's conclusion.

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

2.4 The Social Care Working Group, which is a sub-group of SAGE, has produced a consensus statement reviewing the published evidence on the association between the discharge of patients from hospitals and COVID-19 in care homes. Alongside this Treasury Minute, the department has written to the Committee to confirm the consensus statement has been published on Gov.UK

3: PAC conclusion: This pandemic has shown the tragic impact of delaying much needed social care reform, and instead treating the sector as the NHS's poor relation.

3: PAC recommendation: After years of promises and false starts, we expect the Department to set out in writing to us by October 2020 what it will be doing, organisationally, legislatively and financially, and by when, to make sure the needs of social care are given as much weight as those of the NHS in future. We will be challenging them on this at future sessions.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The government recognises the vital role of adult social care and is therefore investing £5.4 billion over three years to begin a comprehensive and ambitious reform programme.

3.3 This includes £3.6 billion to reform the social care charging system; and a further £1.7 billion to begin major improvements across adult social care in England. The reforms are backed by the new Health and Social Care Levy which came into force in April 2022.

3.4 In December 2021, the government published a reform white paper, [People at the Heart of Care](#), setting out a 10-year vision for adult social care and priorities for investing the £1.7 billion, such as at least £500 million to support the adult social care workforce and at least £300 million to integrate housing into local health and care strategies.

3.5 The Health and Care Act creates the legislative framework for removing barriers to integrated care, creating the conditions for local partnerships to thrive. The Integrated Care Board (ICB) and the Integrated Care Partnership (ICP) embed local government as a key partner in both NHS planning and commissioning discussions.

3.6 The integration white paper (published 9 February) aligns with and builds on the proposals in the Health and Care Act and the adult social care reform white paper in joining up health and social care.

3.7 It sets out policy on shared outcomes between health and social care and key enablers of integration (workforce, data and technology, financial pooling and alignment, oversight and leadership).

Seventeenth Report of Session 2019-21

Home Office

Immigration Enforcement

Introduction from the Committee

The Home Office (the Department) is responsible for preventing abuse of immigration rules, tracking those who abuse immigration rules and increasing compliance with immigration law. Immigration Enforcement is the directorate within the Department responsible for preventing abuse of the immigration system, dealing with the threats associated with immigration offending and encouraging and enforcing the departure of immigration offenders and foreign national offenders from the UK. The Directorate's vision is "to reduce the size of the illegal population and the harm it causes". It employs about 5,000 staff and received approximately £392 million in 2019–20. It has faced an 11% real-terms reduction in its resource budget since 2015–16.

Relevant reports

- NAO report: [Immigration Enforcement](#) – Session 2019-21 (HC 110)
- PAC report: [Immigration Enforcement](#) – Session 2019-21 (HC 407)
- [Treasury Minutes, November 2020](#) (CP 316)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549), the remaining recommendations are updated below:

1: PAC conclusion: *Despite years of public debate and interest in immigration, the Department still does not know the size of the illegal population or have a clear grasp of the harm the illegal population causes.*

1: PAC recommendation: *The Department should undertake work to improve its understanding of the illegal population in the UK. This should include analysis by age, length of time in the UK, and whether they originally entered the UK legally or illegally. It should also produce clear definitions of harm, and a means to record the level of harm caused by the illegal population. The Department should write to us within three months of this report to set out us what steps it is taking to increase its understanding, including how it is working with other government departments, academics and other interested groups to establish what might be possible.*

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2022

Original target implementation date: Spring 2022

1.2 The Home Office (the department) has established a programme of work to further develop its understanding of the illegal population within the United Kingdom. This work will build on previous research and investigate whether the data it holds can provide any additional insight.

1.3 It is hoped this programme of work will improve the departments understanding of the illegal population in the UK, help inform better deployment of Immigration Enforcement's resources and wider Migration and Borders resources to address illegal migration.

1.4 The Home Office is continuing discussions with the Office of National Statistics (ONS) on whether experimental data matching might help the government understand better the footprints individuals of interest leave across the administrative data ONS hold. This work will be subject to any resource constraints ONS are under in the light of other work to redevelop the migration statistics.

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

1.6 The department wrote to the Committee on [17 December 2020](#) in accordance with this recommendation. The target implementation date has been revised due to ongoing resource constraints in other government departments to progress this work.

3: PAC conclusion: The culture and make-up of the Department have left it poorly placed to appreciate the impact of its policies on the people affected.

3: PAC recommendation: Building on its response to the Windrush lessons learned review, the Department should mobilise its evidence base and evaluations to challenge its own assumptions and beliefs about the user experience within the immigration system. The Department should write to us by 31st December 2020, setting out the insights it has developed about the experience of its users, and what improvements it is making as a result.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department wrote to the chair of the Committee on [17 December 2020](#) in accordance with this recommendation. The correspondence sets out the insights the department has developed and what improvements it is making as a result.

3.3 Subsequently, additional updates were provided to the Committee in [May 2021](#) and in [November 2021](#).

3.4 The department is proud of the work that it has undertaken and is confident that it has started to deliver the meaningful change that the Windrush Generation and wider public expect and deserve of the Home Office. The department has made significant progress in creating the cultural shift that Wendy Williams, Independent Adviser, challenged the department to bring about in the Windrush Lessons Learned Review. The department recognises that there is much work still to be done within the Home Office to ensure that it builds on the systems and processes set up to deliver the vision set out in the Windrush Comprehensive Improvement Plan.

4: PAC conclusion: The Department's failure to develop an end-to-end understanding of the immigration system leads to problems which it could avoid.

4: PAC recommendation: The Department needs to develop a joined-up approach across the full end-to-end immigration system to ensure that people get the right support at the right time. It should record and assess how people move through the immigration system to understand where and how problems arise. This should include evaluating whether earlier access to good quality, affordable legal advice might help to reduce the number of late claims. The Department should write to the Committee within six months of this report, setting out progress in this regard.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2022

Original target implementation date: Summer 2025

4.2 In April 2021, the department made changes to the way it is structured, creating Missions and Capabilities. A key feature of the Missions is end-to-end ownership and accountability for delivering outcomes. This means that the Migration and Borders Mission is responsible for developing the metrics for, and oversight and delivery of two of the four Departmental Outcome Delivery Plans which report through the cross-government mechanism: (i) enabling the legitimate movement of people and goods to support economic prosperity and (ii) tackling illegal migration, removing those with no right to be here and protecting the vulnerable.

4.3 Since May 2021, the Director of Systems Leadership has created teams across strategy, design, performance, and delivery to build a strong foundation in systems leadership within the Migration and Borders Mission. This systems-wide work has been key to understanding issues across the system when developing the department's response to the COVID-19 pandemic, tackling illegal migration and the response to the situation in Ukraine.

4.4 The department continues to agree that claims should be made at the earliest opportunity. The Nationality and Borders Bill expands the provision of legal aid to support the introduction of a new and expanded 'one-stop' process to ensure that asylum, human rights claims, and any other protection matters are made and considered together, ahead of any appeal hearing. This is designed to encourage all claims to be made at the earliest opportunity.

Eighteenth Report of Session 2019-21

Department of Health and Social Care, NHS England, NHS Improvement and Health Education England

NHS Nursing Workforce

Introduction from the Committee

In 2019, the NHS employed around 320,000 nurses in hospital and community services, making up a quarter of all NHS staff, with a further 24,000 employed in GP practices. Around one in ten registered nurses works in social care. In January 2019, the NHS Long Term Plan set out future service commitments and acknowledged the need to increase staff numbers, noting that the biggest shortfalls were in nursing. By the start of 2020, there were nearly 40,000 nursing vacancies in the NHS, a rate of 11%. The Long-Term Plan has set a goal of reducing the nursing vacancy rate to 5% by 2028. A range of national and local NHS bodies are responsible for (nursing) workforce planning as well as supply, which includes training, recruitment and retention of staff. The Department of Health & Social Care (the Department) retains overall policy for the NHS and social care workforces. Health Education England (HEE) oversees NHS workforce planning, education and training, while NHS England and NHS Improvement (NHSE&I) supports and oversees the performance of NHS trusts, including in relation to workforce retention and other workforce responsibilities. Local NHS trusts, foundation trusts and GPs employ nursing staff, and are responsible for their recruitment, retention and day-to-day management.

Relevant reports

- NAO report: [The NHS nursing workforce](#) – Session 2017-19 (HC 109)
- PAC report: [NHS nursing workforce](#) – Session 2017-19 (HC 408)
- [Treasury Minutes](#): January 2021 (CP 363)
- [Treasury Minute Progress Report](#): Published 30 June 2021
- [Treasury Minute Progress Report](#): Correspondence published January 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (correspondence published January 2022), the remaining recommendations are updated below.

1: PAC conclusion: *There has been further delay to the overdue NHS People Plan and there is a risk that the NHS is focusing on short-term pressures at the expense of the necessary long-term strategy conclusion.*

1: PAC recommendation: *NHSE&I and HEE must prioritise publication of the substantive long-term workforce plan as soon as possible utilising the NHS's existing long-term funding allocations.*

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2022

Original implementation date: Spring 2021

1.2 The [NHS People Plan 2020-21](#), published in summer 2020, focused on supporting NHS staff to manage the COVID-19 response and winter pressures, and in particular how the NHS would ensure it supported staff to look after their health and wellbeing. The NHS has

been working since then to deliver the aims set out in the People Promise and has made progress in a number of important areas. This is a long-term programme of work that aims to transform the culture of the NHS over the coming years.

1.3 The [NHS Elective Recovery Plan, published in February 2022](#), sets out how the health system will recover elective services that were delayed during the pandemic. It sets out how we will grow and support the workforce to deliver services through more systematic training and recruitment, and through improved retention (building on the culture change programme that the People Plan started in 2020). The NHS Long Term Plan sets out the long-term vision for health services in England, and we are working to ensure that there are more staff, working differently in a compassionate and inclusive culture in order to deliver for patients.

1.4 In July 2021, the department commissioned HEE to work with partners to review the long-term strategic trends for the health and (regulated) social care workforce. This programme will review, renew and update the existing long term strategic framework for the health workforce, HEE's [Framework 15](#), to help ensure there is the right staff with the skills, values and behaviours to provide high quality care now and in the future. The new Strategic Framework will be published later in 2022 and will inform the long term workforce strategy that the Secretary of State has commissioned NHS England to deliver. Key findings from the long term workforce strategy will be published in due course.

3: PAC conclusion: We are not convinced that the Department has plans for how the NHS will secure 50,000 more nurses by 2025.

3: PAC recommendation: As part of the published people plan, the Department, NHSE&I and HEE should include a set of costed and detailed action plans for each of the different supply routes for nursing, and how many nurses each route is expected to contribute to the overall nursing workforce. They should consider what national actions, for example on pay, they may need to take to increase recruitment and retention.

3.1 The government agrees with the Committee's recommendation

Recommendation implemented

3.2 As previously committed in updates to this Treasury Minute, the government published [50k Nurses Programme: delivery update](#) on 7th March 2022.

3.3 This update sets out more detail about the programme, including progress so far; plans for meeting the target; uncertainties, risks and mitigations; and next steps. It also sets out the definition, scope and timing of the target.

3.4 The figures in this update set out the planning assumptions for how the Department of Health and Social Care (DHSC), working with national partners, intends to achieve the target. The numbers should not be taken as precise estimates, as contributing factors will change over the remainder of the programme: they are planning assumptions against which an iterative programme will adapt as more information becomes available.

3.5 This uncertainty and flexibility is reflected in the ranges for each recruitment route; while these represent current high, central and low estimates and therefore illustrate the plausible range at this stage, they are subject to change. As such, information is also included on mitigation plans if particular components of the programme do not impact as hoped, or if unanticipated risks arise.

3.6 The government is currently on target to meet the manifesto commitment, with nursing numbers a little over 27,000 higher in December 2021 (latest publicly available data point) than they were in September 2019 (starting point for the commitment).

4: PAC conclusion: The nursing needs of social care remain an unaddressed afterthought for the Department of Health & Social Care.

4: PAC recommendation: The Department should set out its understanding of the nursing requirement across health and social care, and how it expects its actions will support nurse recruitment and retention in social care.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The government agrees with the Committee's recommendation but does not agree with the conclusion that the nursing needs of social care remain an unaddressed afterthought for the Department of Health and Social Care. Unlike the NHS, Adult Social Care is a largely private sector market and core responsibilities of workforce planning and market shaping are devolved to local authorities. It is a diverse sector, employing 1.54 million people in around 24,000 employers.

4.3 The government remains committed to developing a robust nursing workforce for social care. Our People at the Heart of Care White Paper outlined the strategy for the adult social care workforce, backed by at least £500 million investment to develop and support the workforce over the next three years. This includes hundreds of thousands of training places and initiatives to improve wellbeing across the adult social care workforce including Nurses and Nursing Associates. The Continuous Professional Development (CPD) budgets for registered nurses and nursing associates will support them in their development, meet re-validation requirements and specialise.

4.4 The government's recent Integration White Paper sets out our longer-term plan to ensure that staff, including nurses and nursing associates, working in health and social care settings are supported to provide integrated services focused on the needs of people.

4.5 The government commissioned Health Education England to work with partners to develop a robust long-term strategic framework for workforce planning. For the first time ever, the framework will also include regulated professionals working in social care, like nurses, social workers and occupational therapists.

4.6 The government continues to work closely with the Chief Nurse for Adult Social Care and the sector to identify more ways to attract and support registered nurses, nursing associates and nurse apprentices to and within adult social care.

Twentieth Report of Session 2019-21

HM Revenue & Customs

Tackling the tax gap

Introduction from the Committee

HMRC is responsible for administering the UK's tax system. One of its three departmental objectives is to "collect revenues due and bear down on avoidance and evasion". HM Treasury leads on the design of the tax system. It agrees HMRC's revenue and efficiency targets, and levels of funding. HMRC reported record tax revenue of £627.9 billion in 2018–19, an increase of £22.1 billion (3.6%) on 2017–18. Tax administrations rely heavily on taxpayers reporting and paying their taxes in line with the rules. In 2018–19, HMRC received 90% of total tax owed this way. HMRC's most recent estimate of the tax gap, the difference between tax owed and tax that is actually paid, was £31 billion in 2018–19, equivalent to 4.7% of the total tax owed. HMRC estimated that its compliance activities increased tax revenue by £34.1 billion in 2018–19 against a target of £30 billion. The tax gap figures do not include the impact of COVID-19 and the full effects will take some time to become clear. Total compliance yield in the first quarter of 2020–21 (£7.5 billion) has already fallen by 51% compared to the same quarter in 2019–20 (£15.4 billion). HMRC estimates up to £3.5 billion of furlough payments made by 16 August 2020 may have been fraudulent or paid in error.

Relevant reports

- NAO report: [Tackling the tax gap](#) – Session 2019-21 (HC 372)
- PAC report: [Tackling the tax gap](#) – Session 2019-21 (HC 650)
- [Treasury Minutes – January 2021](#) (CP 363)
- [Treasury Minutes Progress Report](#) - May 2021 (CP 424)
- [Treasury Minutes Progress Report](#) - November 2021 (CP 549)

Update to the Government's response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), one recommendation remained in progress and is updated below.

5: PAC conclusion: It is not clear that Making Tax Digital will help reduce the tax gap or taxpayer costs at a time when individual taxpayers and small businesses are under considerable pressure.

5: PAC recommendation: HMRC should, as part of piloting future rounds of Making Tax Digital (MTD), assess whether the administrative burden it is imposing on taxpayers is reasonable and affordable before proceeding with further national roll-outs.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 HM Revenue and Customs (HMRC), (the department) has assessed the impact of the Making Tax Digital (MTD) Value Added Tax service on taxpayers and will continue to evaluate MTD, including through understanding user experiences in the MTD for Income Tax Self-Assessment (ITSA) pilot prior to mandating. In September the government announced that mandating will now take place in April 2024, giving stakeholders an additional year to prepare.

5.3 [New research](#) published in March 2022, conducted by the department and peer reviewed by independent academics, indicates that MTD in 2019 to 2020 is likely to have generated positive additional tax revenue of a similar magnitude to the latest public forecast for that year of £115 million. The additional tax revenue results from a reduction in error on tax returns, meaning that more businesses are paying the tax they owe.

5.4 HMRC continues to assess the administrative burden of MTD on taxpayers, to ensure that it is reasonable and affordable before proceeding with rollouts. The department has published information on the impacts of MTD as part of the legislative process for MTD alongside the latest Tax Information and Impact Note (TIIN).

5.5 This publication drew on research and evaluation undertaken by, and for, HMRC to bring out in detail what MTD might look like in practice for businesses and individuals joining MTD in the coming years.

5.6 In [research](#) published in November 2021 businesses identified a broad range of positive impacts to MTD and from compatible software, including increased speed, ease and tax confidence, greater accuracy and improved business operations.

Twenty-Second Report of Session 2019-21

Department of Health and Social Care and NHSX

Digital transformation in the NHS

Introduction from the Committee

Improving digital services is at the heart of delivering the NHS Long-Term Plan but remains a huge challenge to deliver. The Department and NHS bodies still have a long way to go to deal with the proliferation of legacy IT systems across the health and care system and move on from their track record of failed IT programmes. The Department did not achieve a 'paperless NHS' by 2018, and this target has now been watered-down and moved back by six years.

We are far from convinced that the Department and NHS bodies have learned the lessons from previous IT programmes. Without this, they risk repeating the mistakes that led to those programmes failing to deliver and taxpayers' money being wasted. Successful delivery of the digital ambition for the NHS will require effective governance, realistic and detailed plans, sufficient investment nationally and locally, and clear accountability. It is six years since its 2014 digital strategy with the headline target to achieve a 'paperless NHS' and none of these vital components to make digitally-enabled care mainstream across the NHS are in place. Despite publishing its Vision for digital, data and technology in 2018, the Department still does not have an implementation plan for how this will be delivered in practice. Current governance and accountability arrangements are both overly complex and insufficiently defined. Local trusts are at varying levels of digital maturity and some are struggling financially. Unless national bodies do more to support trusts and local health and care systems in difficulty, then their progress in digital transformation is at risk of diverging further.

The Department and NHS bodies face major challenges dealing with the current COVID-19 pandemic, and we commend the work of staff across these organisations. This has also shown the potential for organisations to deploy digital solutions and adapt to new technologies. We look to the Department and NHS bodies to make best use of this learning in their digital programmes.

Relevant reports

- NAO report: [Digital transformation in the NHS](#) – Session 2017-19 (HC 317)
- PAC report: [Digital transformation in the NHS](#) – Session 2017-19 (HC 680)
- [Treasury Minutes](#): January 2021 (CP 363)
- [Treasury Minutes correspondence](#): published 30 June 2021
- [Treasury Minute Update](#): correspondence published January 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (correspondence above), the remaining recommendation is updated below.

2: PAC conclusion: The Department's failure to ensure clear and transparent governance arrangements for digital transformation is putting the successful delivery of the Vision for digital, data and technology at risk.

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

- **Write to the Committee by spring 2021 clearly setting out the responsibilities for digital transformation of each national organisation and communicate this to local organisations.**

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 The Chair of NHS Digital published her [review of digital transformation](#) on 23 November 2021 and its recommendations have been accepted by the Secretary of State for Health and Social Care. Alongside this Treasury Minute update, the department has written to the Committee setting out how this changes national responsibilities for digital transformation.

Twenty-Third Report of Session 2019-21

Ministry of Defence

Delivering Carrier Strike

Introduction from the Committee

Carrier Strike provides the ability to undertake a range of military tasks and is central to the government's ambition to be able to respond at short notice to conflicts and humanitarian relief efforts anywhere in the world. It is based around two Queen Elizabeth Class aircraft carriers, Lightning II jets and a new radar system. The deployment of a carrier strike group will involve a significant proportion of the Navy's fleet, including destroyers and frigates, and is dependent on auxiliary ships to support and resupply the carriers. As at October 2020, the Ministry of Defence (the Department) had built two new aircraft carriers, brought 18 Lightning II jets into service and completed the infrastructure works to berth the carriers in Portsmouth and operate the jets from RAF Marham. It expects to declare initial operating capability for Carrier Strike in December 2020 and will undertake its first operational deployment in 2021 with the US Marine Corps. The Department will then work towards full operating capability by 2023—at which point it will be able to support two UK Lightning squadrons (up to 24 jets) from one of the carriers. The Department's longer-term aim is that, by 2026, the carriers can undertake a wide range of air operations and support amphibious operations worldwide.

Relevant reports

- NAO report: [Carrier Strike - preparing for deployment](#) - Session 2019-2021 (HC 374)
- PAC report: [Delivering Carrier Strike](#) - Session 2019 -21 (HC 684)
- [Treasury Minutes](#) (CP 363)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)
- [Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy](#): 23 March 2021

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 549 above), the remaining recommendation is updated below.

3. PAC conclusion: *The Department still does not fully understand Carrier Strike's support and operating requirements or costs.*

3: PAC recommendation: *The Department should collect full information on the costs of operating a carrier strike group during its 2021 deployment. This is a crucial opportunity to develop its understanding of consumption issues and the level of spares it needs. The Department should be prepared to set out its findings at a future evidence session with the Committee and be able to demonstrate that it has a better grip of future support and operating costs.*

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The Ministry of Defence (the department) has also reported to the Committee in recommendation 4 of the progress update to the Fourteenth report (2017-19) on Carrier Strike. Having completed the first operational deployment in December 2021, the department

now has a valid data set informing Carrier Strike's support and operating requirements and costs.

3.3 The department has tasked its Cost Assurance & Analysis Service (CAAS) to complete an initial cost baseline using that deployment data. This work is due to be completed in June 2022, at which point this recommendation will be addressed.

Twenty-Fourth Report of Session 2019-21

Ministry of Housing Communities and Local Government

Selecting towns for the Towns Fund

Introduction from the Committee

In March 2019, the previous administration announced the Stronger Towns Fund, a £1.6bn fund to support towns in England. In July 2019, this was incorporated into the larger, £3.6bn Towns Fund with the intention to support a selection of struggling towns across England to develop and sustain strong local economies. This expanded fund included additional funding for the Future High Streets Fund, alongside the programme of Town Deals.

Officials from the Ministry of Housing, Communities and Local Government (the Department) designed a process to support Ministers to select towns that gave them scope to use their own judgement on which towns to select. Officials provided Ministers with information on the need and growth potential of towns across England in a prioritised and ranked list, from which Ministers selected 101 towns, following the approach recommended by their officials. Ministers selected all 40 high-priority towns, then selected the remaining 61 towns from a pool of 501, the vast majority of which were medium-priority and for which they recorded their reasons for selection. Officials later reviewed the Ministers' selection of towns against the required tests set out in HM Treasury's Managing public money, concluding the selection was appropriate. The National Audit Office's report sets out in detail the process followed by the Department to select the 101 towns. In September 2019, the Department published its selection of towns and invited them to set up a Town Deal Board and bid for funding to implement a Town Deal that departmental officials would agree—a plan setting out the town's investment priorities to drive growth. The Department is currently assessing bids submitted by the first cohort of 13 towns.

Relevant reports

- NAO report: [Review of the Town Deals selection process](#) – Session 2019–2021 (HC 576)
- PAC report: [Selecting Towns for the Towns Fund](#) – Session 2019-2021 0 (HC 651)
- [Treasury Minutes – January 2021](#) (CP 363)
- [Treasury Minutes Progress Report](#) - May 2021 (CP 424)
- [Treasury Minutes Progress Report](#) - November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below:

4: PAC conclusion: It is still unclear what impact the Department is expecting from the Towns Fund, or when, and how the Department will measure its success.

4: PAC recommendation: In its Treasury Minute response, the Department should set out how the Towns Fund programme will secure positive, long term outcomes, and the measures of success it intends to use to monitor and evaluate its impact. In particular it should be clear about the measures against which it will measure any new jobs created.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The [Monitoring and Evaluation Strategy](#) (M&E) for the Towns Fund was published on Gov.UK in December 2021

4.3 Procurement of a supplier to carry out an evaluation of the fund commenced in Spring 2022 and the government expects to confirm the successful supplier by Summer 2022. The procurement was delayed as the costs associated were required to go through the Department of Levelling Up, Housing and Communities' (DLUHC) business planning process following Spending Review 2021 and gain Secretary of State approval. The evaluation will help to fulfil the M&E strategy by identifying what parts of the fund have or haven't performed well and why, so lessons can be learned for future work.

4.4 Towns are required to report twice a year on progress against the indicators set out in their Monitoring and Evaluation plans. The first performance reporting cycle has now commenced, with towns due to submit for June 2022. This will enable the government to identify the impact the fund is having as projects move into delivery and completion.

5: PAC conclusion: We are concerned that towns may not have the capacity to deliver their plans and spend the money well.

5: PAC recommendation: From the end of March 2021, the Department should write to the Committee with annual updates to provide assurance that it is spending the money well. The Department's updates should demonstrate that its due diligence processes have included an assessment of towns' capacity to successfully deliver their plans.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Committee received the first annual update in October 2021. A second update will follow in October 2022.

5.3 A total of £21.4 million in capacity funding was paid directly to Local Authorities to support the initial set-up and development of proposals prior to the offer of a Town Deal. In addition, from September 2021, an upfront capital payment (5% of the total deal value) was made available to towns to support early project delivery while project business cases and summary documents were still being completed. All towns have now received this 5% payment.

5.4 By the end of the 2021-22 financial year the department had paid out just over £66 million in first project payments to places, for 122 projects.

5.5 DLUHC continues to support towns as they move into the delivery phase. Every town has a named contact in the Cities & Local Growth Unit to provide ongoing guidance and support. The Towns Fund Delivery Partner consortium has had its contract extended to July 2022, to ensure that towns continued to receive support. Towns Fund Delivery Partner Town Coordinators engage directly with towns on specific support needs as well as offering a centralised support offer on areas such as project management and business case development.

Twenty-Sixth Report of Session 2019-21

Department for Work and Pensions

Department for Work and Pensions Accounts 2019-20

Introduction from the Committee

The Department for Work and Pensions (the Department) is responsible for the delivery of work, welfare, pensions and child maintenance policy. It serves over 20 million claimants and customers. In 2019–20, the Department spent £191.8 billion on benefit payments. Benefit payments are susceptible to both deliberate fraud by individuals, and unintended error by claimants and the Department. The Comptroller & Auditor General has qualified the Department's accounts every year since 1988–89 due to material levels of fraud and error in benefit expenditure. The 2019–20 accounts were qualified for fraud and error in all benefits except State Pension, because State Pension, having relatively simple conditions of entitlement, has very low fraud and error. The overpayment rate was 4.8% (£4.5 billion) and the underpayment rate was 2% (£1.9 billion) across all the other benefits.

As a consequence of the COVID-19 pandemic, the Department's benefit caseload increased significantly, for example, the number of people on Universal Credit increased from 2.9 million in February 2020 to 5.6 million in August 2020. It expects that this increase in caseload, alongside the fraud and error impact of relaxing some of its controls in response to the COVID-19 pandemic, will lead to a further increase in losses to the taxpayer from benefit fraud and error in 2020–21.

Relevant reports

- DWP report: [DWP Annual Report and Accounts 2019-20](#) (HC 401)
- PAC report: [DWP Accounts 2019-20](#) – Session 2019-21 (HC 681)
- [Treasury Minutes – February 2021](#) (CP 376)
- [Treasury Minutes Progress Report](#) - May 2021 (CP 424)
- [Treasury Minutes Progress Report](#) - November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the following recommendation remained in progress.

2: PAC Conclusion: Even before COVID-19, fraud and error overpayments were at their highest ever rates, with around £1 in £10 of Universal Credit paid incorrectly.

2: PAC recommendation: The Department needs to show sustained progress in reducing fraud and error. It should set annual targets, by risk and benefit, against which its progress can be assessed, based on its expectation of the intended impact of its counter fraud and error initiatives over time. These should be set out and reported against in its Annual Report and Accounts for 2020–21

For Universal Credit, the Department should set out its plan for year-on-year reductions in fraud and error, assessing performance against short-term, achievable targets.

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: To be confirmed
Original target implementation date: July 2021

2.2 The Department for Work and Pensions wrote to the Committee in May 2022 setting out its position regarding targets for reducing fraud and error.

Twenty-Seventh Report of Session 2019-21

Cabinet Office and Department of Health and Social Care

COVID-19 Supply of Ventilators

Introduction from the Committee

Ventilators are medical devices that assist or replace a patient's breathing. Patients with COVID-19 who are admitted to hospital often have problems breathing. On arrival in hospital a patient's blood oxygen level is measured. If it is low, then the patient may be given standard oxygen therapy using a mask; non-invasive ventilation where oxygen is delivered under pressure via a mask or helmet; or invasive mechanical treatment using a mechanical ventilator, which takes over a patient's breathing. The specific treatment used is a judgement for clinicians and patients may undergo more than one treatment during a stay in hospital.

In the early stages of the pandemic, based on information available at the time, the NHS believed it could need far more mechanical ventilators than were available. From March 2020, the government made efforts to rapidly increase the number of ventilators available to hospitals in the UK. Its strategy included: purchasing ventilators from suppliers on the global market, led by the Department of Health & Social Care (the Department); and encouraging UK manufacturers to design and scale-up production of ventilators as part of the 'ventilator challenge', led by the Cabinet Office.

Relevant reports

- NAO report: [Investigation into how government increased the number of ventilators available to the NHS in response to COVID-19](#) – Session 2019-21 (HC 731)
- PAC report: [COVID-19 Supply of Ventilators](#) – Session 2019-21 (HC 685)
- [Treasury Minutes](#): February 2021 – February 2021 (CP 376)
- [Treasury Minutes Progress Report](#): May 2021 (CP 424)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)
- [Treasury Minute DHSC update](#): December 2021

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 549 and December 2021 correspondence above), the remaining recommendation has now been implemented.

5: PAC conclusion: Both programmes succeeded in part due to cross-government working and the expertise of key individuals involved.

5: PAC recommendation: The Cabinet Office should set out, as part of its Treasury Minute response, what lessons it has learnt from these programmes for how government will, in future, ensure that it identifies the skills it needs, where these skills are, and how it will get them in place quickly when a rapid response is required.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Government Commercial Function and associated central employment model of the Government Commercial Organisation (GCO) enables the Cabinet Office to continue to optimise skill development and identification. In addition to commercial accreditation, a commercial career framework has been designed with commercial role profiles. All GCO specialists are being mapped to commercial role profiles and this will be further enhanced with a skills capture tool. A training programme for junior commercial staff was launched in September 2020 to develop future commercial leaders. Activity is well underway to ensure that assessment and associated capability building in the commercial space continues across the wider public sector for those organisations with the highest third party spend. This will ensure that in the event of future crises more commercially trained /assessed and accredited staff will be available for deployment.

5.3 In addition to commercial skills development, a programme has been in place since October 2018 to train and assess all central government contract managers to foundation level, and since January 2019 to practitioner and expert level - for bronze, silver and gold status contracts respectively. The programme aims to complete training and assessment in central government by March 2023.

Twenty-Eighth Report of Session 2019-21

Department for Business, Energy & Industrial Strategy

The Nuclear Decommissioning Authority's management of the Magnox contract

Introduction from the Committee

The Nuclear Decommissioning Authority (NDA) is the government agency, sponsored by the Department for Business, Energy & Industrial Strategy (the department), with responsibility for decommissioning the UK's civil nuclear sites that are no longer producing electricity. The NDA's estate includes 17 sites, 12 of which (10 power stations and two research facilities) had been managed by Cavendish Fluor Partnership (CFP) under a contract awarded in 2014 (the Magnox contract). In 2018 we reported on the catastrophic failure of the NDA's procurement and management of this contract. We reported that the failure had cost the taxpayer around £122 million and that a lack of commercial skills in the NDA, compounded by inadequate knowledge of the Magnox sites, were key causes of the failure. The NDA negotiated the termination of the Magnox contract with CFP in 2017, with a consequent additional £20 million cost to the taxpayer to leave the contract. In September 2019, after a two-year contractual notice period, the NDA brought the Magnox sites under the management of its wholly owned subsidiary, Magnox Ltd. We took evidence from both the department and the NDA on the termination of the Magnox contract. The evidence covered a wide range of topics relevant to the NDA and the department's management and oversight of the decommissioning of the UK's nuclear sites. This report, therefore, covers both the decommissioning of the Magnox sites and broader strategic challenges facing the department and the NDA.

Relevant reports

- NAO report: [Progress report: Terminating the Magnox contract](#)– Session 2019-21 (HC 727)
- PAC report: [The Nuclear Decommissioning Authority's management of the Magnox contract](#)– Session 2019-21 (HC 653)
- [Treasury Minutes – February 2021](#) (CP 376)
- [Treasury Minutes Progress Report](#) – May 2021 (CP 424)
- Treasury Minute: [November 2021](#) – Session 2019-21 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendation is updated below.

6: PAC conclusion: Public accountability is hindered by a lack of transparency about the scale and nature of the challenge of decommissioning and the performance of the NDA.

6: PAC recommendation: NDA should be more transparent about its current and future plans with the local communities surrounding its 17 sites to strengthen public accountability and make clear the socioeconomic impact of its planned activities.

6.1 The government agrees with the Committee's recommendation

Recommendation Implemented

6.2 The Nuclear Decommissioning Authority (NDA) published its Local Social and Economic Impact Strategy in July 2020 which outlines the NDA's approach to socio-

economics and identifies key local priorities. The strategy was developed following extensive consultation and the NDA is committed to working closely with the United Kingdom, Scottish and Welsh Governments, local authorities, local partners, including Local Economic Partnerships (LEPs) and other agencies in the delivery of this strategy and future updates to it. The NDA will continue to engage closely with local communities and residents near their sites on all socio-economic work.

6.3 To support and inform the next iteration of the strategy, the NDA committed to updating the Economic Impact Studies around the NDA's sites as a means to better understand the impacts of their work on local communities and to assist with future decision making. The update to these Economic Impact Studies has also been highlighted in the NDA's response to the Department for Business, Energy & Industrial Strategy's Departmental Review of NDA.

6.4. The study work is now complete, and NDA has received the reports. This work has been undertaken across the NDA Estate and these reports provide an evidence-based analysis of the current economic impact of each of their sites. They cover direct employment effects, supply chain expenditure and indirect effects of local expenditure on local businesses. In total there are three reports covering:

- West Cumbria (Sellafield & Low Level Waste Repository);
- Magnox;
- Dounreay

6.5 The knowledge provided in these reports provides the evidential baseline for the NDA socio-economic interventions, co-created with stakeholders, in the communities closest to their sites. They will help inform future decision making and strategy development as well as providing important transparency helping to inform communication with stakeholders. The NDA is now considering and consulting internally on the findings of these studies. The NDA proposes to publish the studies following more comprehensive consultation with key stakeholders and has written to the Committee to provide copies in advance.

Thirtieth Report of Session 2019-21

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

The Production and Distribution of Cash

Introduction from the Committee

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

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

Relevant reports

- NAO report: [The production and distribution of cash](#) – Session 2019-21 (HC 730)
- PAC report: [The production and distribution of cash](#) – Session 2019-21 (HC 654)
- [Treasury Minutes February 2021](#) (CP 389)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 549 above), the remaining recommendations are updated below.

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

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

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

Recommendation implemented

4.2 Research into the trends in banknote use remains a key objective of the Bank of England's work. This includes the trend towards holding banknotes as a store of value, as seen in many other countries.

4.3 The Bank of England has completed analysis of two surveys that it commissioned: on households' use of banknotes as a store of value; and on small businesses' banknote holdings and usage. The Bank of England has also conducted a small-scale survey on foreign demand for sterling banknotes. The Bank of England has continued to have productive dialogue with other authorities whose remits and responsibilities mean they are better positioned to advise on other sources of demand for banknotes, including Her Majesty's Revenue and Customs and the National Crime Agency.

4.4 Having completed this analysis, the Bank of England will publish its assessment of the drivers of banknote demand later this year.

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

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

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

Recommendation implemented

5.2 The Bank of England has reviewed the internal documentation of judgements about note printing and stock decisions. The improvements that were being trialled at the time of the last update to the Committee are now in place.

5.3 In particular, the documentation now more clearly identifies the factors that led to particular stock ordering decisions, including the key judgements made, with emphasis on the weight placed on financial factors, the risk of excess stock holdings, and consideration of relevant risks.

Thirty-First Report of Session 2019-21

Ministry of Housing, Communities and Local Government

Starter Homes

Introduction from the Committee

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

Relevant reports

- NAO report: [Investigation into starter homes](#) – Session 2019-21 (HC 275)
- PAC report: [Starter Homes](#) – Session 2019-21 (HC 88)
- [Treasury Minutes February 2021](#): (CP 389)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government responses to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), one recommendation remained in progress and is updated below.

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

5c: PAC recommendation: the Department should increase its efforts to work more closely with local authorities and developers and make greater use of innovative methods such as modular forms of housing... to ensure housing is of decent quality.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Committee's recommendation has been implemented and a range of measures are currently in place which aim to support the use of modern methods of construction (MMC) in housebuilding.

5.3 As set out in previous updates, the government is committed to continuing to work with the sector to address systemic issues and achieve sustainable growth. Most recently, the Department for Levelling Up, Housing and Communities (formerly named Ministry of Housing, Communities & Local Government) has progressed work to address strategic barriers to the uptake of MMC, including the lack of standardisation and the difficulties obtaining product warranties. The department is currently carrying out research into the development of measures that would enable greater interoperability and more consistent standards.

5.4 In addition to the above, the Affordable Homes Programme set a target to use MMC in 25% of new homes delivered by Strategic Partnership. This has been exceeded, with 40% of expected housing delivery from first allocations featuring MMC. The department is also progressing work to establish an MMC Task Force, bringing together industry and government experts to help accelerate the uptake of MMC in housebuilding. The department expects to appoint the leader of the Task Force shortly.

5.5 To underpin this work, the government is focusing on the quality and safety of new build homes more widely. The department is introducing the Future Homes Standard in 2025, which will ensure that new homes produce at least 75% fewer CO₂ emissions than those built to the 2013 standards, with an interim uplift this year. This will benefit types of construction for homes where this is already a priority. The department has developed a Design Guide for local authorities to adopt to support the delivery of better, greener, and more beautiful homes. Alongside other measures aimed at improving quality and safety in the Building Safety Bill, the government is legislating to introduce a statutorily based New Homes Ombudsman, to ensure purchasers of new build homes get the quality of homes and service they deserve. These measures aim to ensure that, as innovation comes forward in housing, consumers remain protected regardless of the method of construction.

5.6 Supporting the growth of MMC is a long-term objective, and the department will continue to work closely with local authorities, combined authorities, and developers, including through the forthcoming MMC Task Force, as this work progresses.

Thirty-Fifth Report of Session 2019-21

Department for Digital, Culture, Media and Sport

Improving Broadband

Introduction from the Committee

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

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

Relevant reports

- NAO report: [Improving Broadband](#) Session 2019-21 (HC 863)
- PAC report: [Improving Broadband](#) Session 2019-21 (HC 688)
- [Treasury Minutes](#) March 2021 (CP409)
- [Treasury Minutes Progress Report](#) November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendation is updated below.

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

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

- 1.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 Since the Department for Digital, Culture, Media & Sport's last update, Building Digital UK has received business case approval for Project Gigabit.

1.3 The department is committed to transparency on progress in the delivery of the government's broadband targets, including the provision of timely, complete and quality assured data into the public domain.

1.4 On becoming an Executive Agency in April 2022, Building Digital UK published its [Corporate Plan](#), which included a baseline trajectory for the gigabit coverage progress required each year for the department to achieve its minimum target of 85% coverage by the end of 2025, including the department's planned contribution for at least 5% in uncommercial areas.

1.5 This trajectory is underpinned by Building Digital UK's procurements of gigabit-capable networks. The current status of each procurement in the pipeline, including whether it has begun or when it is due to begin, as well as when the contract is due to be awarded is set out in quarterly updates. These updates now also include data on national and regional gigabit coverage, suppliers' build progress, and the split between rural and data on Building Digital UK's hubs and vouchers.

1.6 Building Digital UK will publish annual performance reports on the gigabit capable coverage it has delivered in uncommercial areas. Additionally, it will provide information on the outcome of its procurements when they are signed, sharing the expected delivery plans up to 2025 and beyond for each contracted area.

1.7 In March 2022, the department [wrote to the Committee Chair](#) to describe the key milestones Building Digital UK needs to reach to produce a credible and evidenced-based profile for connections beyond 85%, which it expects will have been completed and subsequently published by Summer 2023.

Thirty-Seventh Report of Session 2019-21

HM Treasury

Whole of Government Accounts 2018-19

Introduction from the Committee

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

Relevant reports

- HM Treasury report: [Whole of Government Accounts 2018-19](#) – Session 2019-21 (HC 500)
- [Report of the Comptroller and Auditor General on the Whole of Government Accounts 2018-19](#)
- PAC report: [Whole of Government Accounts 2018-19](#) – Session 2019-21 (HC 655)
- [Treasury Minutes March 2021](#) (CP 409)
- [Treasury Minutes Progress Report](#) November 2021 (CP 549)

Update to the Government responses to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below:

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

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

- 1.1 The government agrees with the Committee's recommendation.

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

1.2 The 2019-20 Whole of Government Accounts (WGA) is due to be published very shortly.

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

1.4 The OBR is the UK's official economic forecaster, and the OBR's publications are the best sources for official forward-looking assessments of the fiscal position. The OBR published its latest forecast in the [Economic and Fiscal Outlook](#) on 23 March 2022, alongside the Spring Statement. This set out full projections for the economy and fiscal position over the medium term. Alongside this, in the Spring Statement document, HM Treasury set out that the government is meeting all of its fiscal rules at this forecast, while maintaining a margin of safety. The government also [published its response to the OBR's 2021 Fiscal Risks Report \(FRR\)](#) which outlines the actions the government is taking around the sources of risk the OBR identified in the FRR, in order to ensure the public finances remain sustainable and resilient to future shocks. The move to an annual sustainability report, as outlined in the [autumn 2021 update of the Charter for Budget Responsibility](#), will further strengthen the independent risk monitoring provided by the OBR.

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

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

3.1 The government agrees with the Committee's recommendation.

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

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

3.3 Wider improvements to risk management in government should also support the better handling of risks to financial sustainability. The [Risk Management Strategy and Delivery Plan](#) that the Risk Centre of Excellence shared with the Committee on 31 January 2022, sets out the steps to better integrate risk management into wider government processes over the next 2-3 years. This includes, for example, a commitment to develop a training programme for risk

professionals (expected by September 2022) and non-experts (expected by Spring 2023), which will help ensure that the application of effective risk management is well understood across departments. In addition, the Risk Centre of Excellence has published a number of pieces of guidance to help officials deliver specific aspects of risk management (for example, [guidance on risk appetite](#), published in August 2021). Further details on HM Treasury's approach to risk management will be included in the 2019-20 WGA.

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

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

4.1 The government agrees with the Committee's recommendation.

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

4.2 HM Treasury has continued to work with MHCLG (now the Department for Levelling up, Housing and Communities (DLUHC)) to support their implementation of the government's response to the Redmond Review to ensure stability in the audit market and timely, transparent reporting of financial data needed to manage fiscal risks in local government. The Spring 2021 update to the government's initial Redmond Review response set out the intention to establish the Audit Reporting and Governance Authority (ARGA), the new regulator being established to replace the Financial Reporting Council (FRC), as system leader for local audit within a simplified local audit framework. A public consultation on the details of the new system leader was published in July 2021, and the government's response will be published shortly.

4.3 DLUHC recognises that there are urgent problems that cannot wait for ARGA so will be establishing Shadow arrangements at the FRC from September 2022, led by a new director of local audit who has already been recruited from the sector. DLUHC has also been acting as interim system leader since July 2021 when it established and assumed the chair of the Liaison Committee, which has been leading work on timeliness. HM Treasury has representation on the Liaison Committee and is supporting DLUHC in its work.

4.4 Specifically, in December 2022 a package of measures to improve delays to local audit and support capacity in the market was published. The measures go beyond Redmond's recommendations and represent commitments from key partners across the local audit system. Key measures include:

- providing councils with £45 million additional funding over the course of the Spending Review period;
- developing a new Technical Advisory Service for local auditors; exploring with CIPFA options for a new local audit training diploma.
- publishing strengthened guidance for local audit committees;
- reviewing whether certain accounting and audit requirements could be reduced on a temporary basis;
- reviewing guidance for Key Audit Partners;
- relaying the Code of Audit Practice to cover next Appointing period to provide further certainty to the sector.

- extending the deadline for publishing audited local authority accounts to 30 November 2022 for 2021-22 accounts, then 30 September for 6 years, beginning with the 2022-23 accounts.

4.5 DLUHC have also made new regulations, which came into force on 16 February 2022. These regulations provide the Appointing Person, currently Public Sector Audit Appointments Ltd (PSAA), with greater flexibility to set fee scales for local audit and to set standardised fee variations where auditors are required to undertake additional work for large numbers of authorities. HM Treasury supports DLUHC in delivering these changes to the Local Authority audit system.

4.6 DLUHC is responsible for the core accountability framework for local authorities and for ensuring that it is effective as a national system within which local authorities take their own decisions. The department adopts a broad approach in discharging this responsibility. It looks carefully at the financial health of authorities, as well as at local authority governance and service delivery. It works with a range of partners in doing so, both at national level to consider the health of the system overall and locally HM Treasury supports the department's oversight of this system by providing spending team challenge and assurance on local authority spending proposals and any support DLUHC is considering extending to a local authority. In addition, HM Treasury considers local authority sustainability at spending reviews to ensure that the local authority sector as a whole has the resources it needs to carry out its functions. The WGA 2019-20 performance report will include further information showing how fiscal risks are monitored and managed in the local government sector and brings in wider information on finances in the sector into the performance report.

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

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

5.1 The government agrees with the Committee's recommendation.

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

5.2 The Government Finance Function developed and launched its performance framework in April 2021 to measure progress against the strategic deliverables set out in its 2019 strategy. Since then, it has continued to enhance the framework to provide more insight to departments and it has expanded the coverage by beginning to incorporate Arm's Length Bodies. In addition, all departments have now either implemented the minimum standards for finance board pack management information or have plans in place to do so in the first half of 2022-23. Departments and organisations have also been provided with a tool to measure compliance against the mandatory elements of the [Government Finance Standard](#), and the Government Finance Function plan to work with departments over the coming year to enhance this so that it promotes continuous improvement. The Function is also continuing its programme of financial process convergence that will improve the consistency of financial data across central government.

5.3 The 2019-20 WGA will contain further detail on the work of the function, including its objectives and some key achievements against these.

Fortieth Report of Session 2019-21

Department for Environment, Food and Rural Affairs

Achieving government's long-term environmental goals

Introduction from the Committee

In June 2011, government set the ambition for this to be the first generation to leave the natural environment of England in a better state than it inherited it, and to help protect and improve the global environment. In January 2018, government published its 25 Year Environment Plan, setting out its intent to improve the natural environment, both for the direct benefits this would bring, and also to support its influence overseas and position the UK as a global environmental leader. The decision to leave the EU added another angle to the case for a long-term environmental plan, as historically much of the UK's environmental policy has been shaped by participation in EU Directives. The Environment Plan included ten overarching goals covering issues such as clean air, clean and plentiful water, and thriving plants and wildlife. The Department for Environment, Food & Rural Affairs (the Department) has lead responsibility for all environmental policy areas apart from climate change mitigation, for which the Department for Business, Energy & Industrial Strategy has the policy lead. Other parts of government also have important roles to play in achieving government's environmental goals.

Relevant reports

- NAO report: [Achieving government's long-term environmental goals](#) – Session 2019-21 (HC 958)
- PAC report: [Achieving government's long-term environmental goals](#) – Session 2019-21 (HC 927)
- [Treasury Minutes](#): April 2021 (CP 420)
- [Treasury Minutes Progress Report](#) November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below.

1: PAC conclusion: *Given it is nine years since government first set the ambition to improve the natural environment within a generation, progress is disappointing.*

1: PAC recommendation: *Within a month of the Environmental Bill being passed, the Department should write to the Committee setting out its timetable for:*

- ***setting coherent long-term objectives for those areas of the Environment Plan that will not be put on a statutory footing by the Environment Bill; and***
- ***setting interim milestones for all its environmental goals***
- ***developing and reporting on a complete set of environmental outcome indicators framework;***
- ***Government should provide an annual update against this timetable, as part of its environmental progress reports.***

1.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 The Department for Environment, Food and Rural Affairs (the department or Defra) agrees with the importance of setting out a timetable as per the recommendation. The Permanent Secretary [wrote to the Committee](#) in December 2021 setting out its timetable for:

- setting coherent long-term objectives for those areas of the Environment Plan that will not be put on a statutory footing by the Environment Bill;
- setting interim milestones for all its environmental goals;
- developing and reporting on a complete set of environmental outcome indicators; and
- government providing an annual update against this timetable, as part of its annual progress reports on the 25 Year Plan.

2: PAC conclusion: The Department for Environment, Food & Rural Affairs has the policy responsibility for the environment, but not the clout to hold other departments to account or manage trade-offs between policy areas.

2: PAC recommendation: After the new cross-government environment board has been in operation for six months, the Department and Cabinet Office should carry out a review and report back to the Committee on the board's effectiveness to assess whether it has achieved a step-change in accountability and ownership for the environment across government. The review should include whether it has been effective in managing trade-offs between policy areas and in assessing the effectiveness of environmental policies across departments.

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 The Permanent Secretary [wrote to the Committee in July 2021](#) with an initial review on the effectiveness of the Cross-Government 25 Year Environment Plan Board following six months of it being operational.

2.3 The purpose of the Cross-Government Board is to focus directly on delivery of the ten goals set out in the Environment Plan. Given the long-term nature of environmental policies, and the corresponding lengthy lead-in time to develop such policies, the department also proposes reporting back to the Committee by July 2022 with a fuller assessment.

2.4 Only with every department working together to implement the 25 Year Environment Plan and by aligning policy and resources can the government begin to shift the dial on the degradation of the natural environment. Trade-offs and opportunities that engage other government departments will be escalated to the Cross-Government Board. The Board is responsible for overseeing and coordinating action to implement the Environment Plan and embedding the provisions of the Environment Act. The Board also assesses and manages strategic risks and issues that may impair the government's ability to achieve its domestic implementation of environmental goals.

3: PAC conclusion: Government still does not have a good grip of the total costs required to deliver its environmental goals and funding so far has been piecemeal.

3: PAC recommendation: In parallel with developing clear objectives to meet environmental goals, the Department should work together with the Treasury to review and outline the total costs required to meet these goals, and how these will be paid for, akin to the Treasury's Net Zero review.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: January 2023

3.2 The establishment of new legally binding targets through the Environment Act incorporates a robust framework for developing the economic case for action towards achieving the long-term goals of the Environment Plan. A consultation on draft environmental targets was launched in March 2022, and final targets, together with impact assessments, will be brought forward by October 2022.

3.3 Developing the costs and milestones towards the long-term legally binding targets will need to be iterative, given the range of activity supporting delivery of the Environment Plan, and emerging policy requirements. The annual progress reports and 5-yearly reviews of the environmental improvement plans will be used to build up the overall picture on performance and planning. The Review and Refresh of the Environmental Improvement Plan (EIP) is now underway. The revised EIP will be laid before Parliament in January 2023. This will include consideration of the distributional impacts of targets and impact on domestic priorities, for example the impacts on consumers, specific sectors and regions.

3.4 The department has costed proposals and business cases for major programmes supporting air quality and cleaner transport, delivering major waste reforms towards a more circular economy, supporting woodland creation and improving flood resilience. Consultation on specific legally binding targets under the Environment Bill for biodiversity, waste, air and water is underway and supported by robust economic impact assessments to ensure value for money and deliverability, including expected costs to government and business associated with meeting targets individually and in aggregate. The department continues to work with HM Treasury to determine the costs of meeting the legally binding targets. Details of these costs will be published in October 2022.

4: PAC conclusion: Skills gaps in departments and arm's length bodies jeopardise government's capacity to deliver on its environmental ambitions.

4a: PAC recommendation: The Department and the Treasury should work together to:

- **establish what skills gaps exist, across the key delivery partners and sectors, which are likely to inhibit government's progress in achieving its environmental ambitions;**
- **where there are such gaps, develop a realistic plan to close them.**

4.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 The department continues to work across government and with other delivery partners to understand and develop the skills required to deliver across environmental outcomes. The Permanent Secretary [wrote to the Committee](#) in December 2021 setting out what skills gaps exist, across the key delivery partners and sectors, which are likely to inhibit Government's progress in achieving its environmental ambitions.

4.3 Since publication of the Environment Plan, additional investment has been secured to increase capacity and focus on the environment to make progress across the Defra group.

4.4 The Environment Act and the Government's 25 Year Environment Plan are key components of Natural England's 'People Strategy 2019-2023'. As a science-led, science-based organisation with a significant proportion of staff from professional scientific backgrounds, Natural England recognises the importance of scientific skills in delivering against government's environmental goals.

4.5 The Environment Agency's strategic workforce planning has identified skill gaps in some critical areas of the business and have implemented measures to manage and mitigate these risks. The Agency continually reviews whether further interventions are needed to maintain and develop a skilled workforce.

4.6 In addition to the work of the Defra group, the government has announced a new Green Jobs Delivery Group which will be the central forum through which government, industry and other key stakeholders work together to ensure that the UK has the workforce needed to deliver a green industrial revolution, informed by the 25 Year Environment Plan and Net Zero Strategy.

4b: PAC recommendation: The Department and the Treasury should work together to:

- **assess the impact of targeted interventions such as the Green Recovery Challenge Fund on safeguarding 'green' jobs.**

4.7 The government agrees with the Committee's recommendation.

Target implementation date: September 2022

4.8 The National Lottery Heritage Fund, as delivery body for the Green Recovery Challenge Fund, is evaluating both Rounds of the Fund. The Round 1 evaluation will be completed by December 2022 and Round 2 will be completed by December 2023. These evaluations will include an assessment of jobs created and safeguarded by the projects supported by the Fund. Defra is closely involved in steering this work.

5: PAC conclusion: Environmental impacts are still not being taken into account in spending decisions.

5: PAC recommendation: Alongside the next Comprehensive Spending Review, the Treasury should publish analysis showing: how the full value of environmental impacts has been taken into account, and the impact of spending decisions on meeting government's long-term environmental goals.

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2022

Original target implementation date: April 2022

5.2 HM Treasury recognises the important role it plays in supporting the government's climate and environmental objectives. Reflecting this, the guidance for the 2021 Spending Review asked departments to include an assessment of the impact of their spending bids on greenhouse gas emissions and sought qualitative commentary on the impact on delivery of the 25 Year Environment Plan.

5.3 Major spending bids and proposals were considered and assessed within the context of the broader suite of policies set out in the Net Zero Strategy using the best available data. HM Treasury is working with departments to refine some of this data, with the aim of improving the quality and consistency of appraisal and evaluation metrics. HM Treasury continues to review the learning from the recent Spending Review and is considering what additional information should be published to support public understanding of the role the Treasury plays in meeting government's environmental objectives.

Forty-Second Report of Session 2019-21

Department of Health and Social Care, Public Health England and Cabinet Office

COVID-19: Government procurement and supply of Personal Protective Equipment

Introduction from the Committee

In responding to the COVID-19 pandemic, government departments and public bodies have needed to procure enormous volumes of goods, services and works with extreme urgency, particularly personal protective equipment (PPE). The pandemic had an extraordinary impact on global demand and supply of PPE. Demand rocketed in March 2020 and, at the same time, global supply declined. The result was an extremely overheated global market, with desperate customers buying huge volumes of PPE often from new suppliers and pushing up prices. The Cabinet Office issued information and guidance on public procurement regulations in response to the pandemic, highlighting that departments and public bodies were able to procure goods, services and works with extreme urgency using regulation 32(2)(c) of The Public Contracts Regulations 2015. This regulation allows departments and public bodies to make direct awards of contracts to any supplier if they have an urgent requirement for goods, services or works due to an emergency, without undergoing a formal competition, subject to meeting certain criteria.

By 31 July 2020, the government had awarded over 8,000 contracts for goods and services in response to the pandemic, with a value of £18 billion. Most of these contracts (over 6,900) were for PPE. The PPE contracts had a combined value of more than £12 billion and committed the Department for Health and Social Care (the department) to buying around 32 billion items of PPE. The Department was working to build up a stockpile of PPE capable of lasting four months, in addition to meeting immediate needs. To identify suppliers that could provide this PPE, to support new UK manufacturers that had not previously made PPE, and to distribute the PPE to care providers, the Department created a new, parallel supply chain.

Relevant reports

- NAO report: [Investigation into government procurement during the COVID-19 pandemic](#) - Session 2019-21 (HC 959)
- NAO report: [The supply of personal protective equipment \(PPE\) during the COVID-19 pandemic](#) - Session 2019-21 (HC 961)
- PAC report: [COVID-19: Government procurement and supply of Personal Protective Equipment](#) - Session 2019-21 (HC 928)
- [Treasury Minutes](#): April 2021 (CP 420)
- [Treasury Minutes Progress Report](#) November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549), the remaining recommendations are updated below.

1: PAC conclusion: Government's response to the need to very quickly procure PPE and other goods and services opened up significant procurement risks.

1: PAC recommendation: Government should ensure all the Boardman review recommendations are applied across government departments and procuring bodies. The Cabinet Office should write to us by July 2021 outlining its progress in implementing the recommendations of the Boardman review and a timetable for implementing any outstanding recommendations.

1.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 In May 2021, Nigel Boardman [published 28 recommendations](#) that covered five key parts of the government's response to the pandemic. This included personal protective equipment.

1.3 The Cabinet Office created a team to implement the recommendations, coordinating efforts across government. At the centre of the Cabinet Office's response to all these recommendations has been the embedding of documented and transparent decision making as part of all procurements across government, with particular attention paid to improving contingency planning for crises, guidance on procurement of products, coordination of resource and capability in our commercial function and across government procurement, and a review of stockpile requirements and management, amongst others.

1.4 The Cabinet Office updated the Committee and the Public Administration and Constitutional Affairs Committee (PACAC) in February 2022 on the progress on implementing the recommendations

- 8 of the 28 recommendations have been completed,
- 16 of the remaining 20 recommendations have developed plans and have begun delivery against their agreed timelines.
- The remaining 4 recommendations are also in progress, but the delivery plans are still in development.

1.5 The Government Internal Audit Agency (GIAA) will be continuing to review the implementation of all the actions to ensure they continue to reflect prevailing policies / guidance, updated departmental controls and systems, and to take account of post-implementation feedback and findings from subsequent reviews and cases. The GIAA will work with the Civil Contingencies Secretariat to ensure that the products of the Boardman II report are accessible and remain up to date.

3: PAC conclusion: The high-priority lane was not designed well enough to be a wholly effective way of sifting credible leads to supply PPE.

3: PAC recommendation: The Cabinet Office and the Department should by July 2021 publish the lessons it has learnt from the procurement of PPE during the pandemic for future emergencies and disseminate these lessons to the wider government commercial function. This should include guidance for determining what is considered a credible offer and how this is communicated to potential suppliers.

3.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 The government is dealing with the implementation of lessons learnt from PPE procurement as part of its response to the [Boardman Review of Government Procurement in the Covid-19 Pandemic](#).

3.3 The Government Commercial Function produced a paper for the Civil Contingencies Secretariat addressing recommendation 19 of the Boardman II report, seeking to ensure that any future call to arms should be managed and streamlined to ensure it is as focussed as possible. It set out that public facing systems, resources and processes need to be in place, the rules for prioritising government reaction to these offers are well documented, well understood and enforced, and that the system for record keeping and decision making is ready and available to all. The paper has been disseminated to all Commercial Directors in government and will be held and updated by the Civil Contingencies Secretariat on an ongoing basis.

4: PAC conclusion: The Department's focus on supporting hospitals meant assistance to social care providers was neglected.

4: PAC recommendation: The Department should write to the Committee by the end of April 2021 to explain how it will revise its emergency response plans so that they include who will be supported, how and when. This must give appropriate weight to all sectors of health and social care, as well as occupations outside these sectors which are also at risk.

4.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 Protecting the social care sector has been a government priority throughout the pandemic.

4.3 In April 2021, the department [wrote to the Committee](#) outlining the steps taken to ensure that frontline workers, including those working in the social care sector, had access to the PPE they needed. These efforts involved standing up multiple distribution channels and developing the PPE Portal. Between April 2020 and end February 2022, 6.54 billion items of PPE have been ordered through the Portal, the majority by the social care sector. Over 24,000 social care providers are registered on the Portal.

4.4 Support continues to be provided to the social care sector through the provision of free PPE. Once free PPE ceases, the PPE Portal will be maintained as a critical piece of infrastructure that will provide a mechanism for getting PPE to social care if similar supply challenges arise in the future.

4.5 The government continues to learn from the pandemic. Emergency preparedness plans remain under constant review by the department. The UK Health Security Agency is working to strengthen the UK's ability to prepare for and respond to the health risks posed by pandemic hazards, as well as identify emerging pandemic threats through the Centre for Pandemic Preparedness. The department holds clinical countermeasures, including PPE, for other infectious disease outbreak threats and will apply lessons from COVID-19 to ensure that these are held in sufficient volumes, monitored regularly, and can be rapidly deployed if needed in future outbreaks. Social care needs are being considered as part of these plans.

6: PAC conclusion: We are concerned that the Department's ordering of an enormous amount of PPE might compromise government's ambition to maintain a UK manufacturing base for PPE.

6: PAC recommendation: The Department, working with other government departments where necessary, should set out a plan by July 2021 that shows how it will:

- **Use the PPE it has ordered, covering how much will be given health and social care providers, stockpiled, cancelled, or sold in the UK or overseas.**
- **Incentivise the NHS Supply Chain, trusts and other providers, to buy PPE which is made in the UK.**
- **Ensure there is sufficient resilience in the supply chain where UK manufacturers cannot provide the necessary PPE.**

6.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

6.2 The department has extended its commitment to providing free PPE until the end of March 2023 or until IPC guidance is withdrawn or substantially amended. This will ensure that frontline workers continue to have access to high-quality PPE and to allow the department to use stock it has already purchased.

6.3 In addition, the department is taking a range of action to reduce excess stock. This includes:

- Reviewing contracts for products that have failed quality assurance to determine whether a breach has occurred and will aim to recoup significant amounts.
- Continuing to focus on selling PPE. The department has sold over 300 million face masks to private companies and have appointed an asset disposal specialist to facilitate further sales through online auctions.
- Donating stock domestically and internationally, including supporting the cross-government effort on Ukraine.
- Recycling and repurposing some not-fit-for-use items.
- Working with third-party medical laboratories to test the viability of extending the shelf-life of certain products.
- Working with lead waste partners to assess options for increasing disposals, focusing on recycling stock where possible, and using Energy from Waste processes for non-recyclable items.

6.4 Increasing resilience in the face of future demand shocks is a priority for the department. The updated PPE strategy, due to be published by Summer 2022, will set out how the department will work with NHS Supply Chain to support domestic manufacturing to ensure future resilience, including having a mix of UK and international suppliers and assessing how best to ensure providers are able to buy UK-manufactured PPE.

Forty-Fifth Report of Session 2019-21

The Department for Environment, Food & Rural Affairs

Managing Flood Risk

Introduction from the Committee

The Agency estimates that 5.2 million properties in England are at risk of flooding. There are different types of flooding: river, coastal, surface water (when rainfall cannot drain away), sewer flooding and groundwater flooding (where the water table level rises above ground). Flood risks are managed in a number of ways ranging from early warning systems to building flood defences. The Department has the policy lead for flooding. The Agency is an executive non-departmental public body, sponsored by the Department. It has a strategic overview role and an operational role to manage the risk of flooding from main rivers, reservoirs, estuaries and the sea. Other bodies are responsible for managing local flood risks. The Agency is on track to achieve its target to better protect 300,000 homes through its £2.6 billion capital investment programme (2015–16 to 2020–21)¹. Government has increased future capital investment to £5.6 billion between 2021–22 and 2026–27.

Relevant reports

- NAO report: [Managing flood risk](#) – Session 2019-21 (HC 962)
- PAC report: [Managing flood risk](#) – Session 2019-21 (HC 931)
- [Treasury Minutes](#) May 2021
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below.

2: PAC conclusion: Scarce local authority resources and low levels of private sector investment are barriers to the effective management of flood risks, especially given the impact of Covid-19.

2: PAC recommendation: The Department and the Agency should identify areas where there is likely to be a shortfall in local authority resources and private sector contributions to ensure the effective management of flood risk in local areas. They should report to us on their assessment by July 2021.

2.1 The government agrees with the Committee's recommendation.

Target Implementation date: The Department for Levelling Up, Housing and Communities (DLUHC) will write to inform the Committee of the date as soon as it has been determined.

2.2 The Agency tracks partnership funding for the capital programme monthly to identify what contributions need to be secured – both from the private and public sectors. Data on these contributions is reported to the quarterly the Department for Environment, Food and

¹ The Environment Agency and partners have now completed more than 700 projects to better protect more than 300,000 homes since 2015, exceeding the target. [Press release](#)

Rural Affairs (Defra) Investment Portfolio Board as part of regular monitoring and assurance of performance against a suite of KPIs. The Agency also monitors those schemes that most reduce flood risk but are at highest risk of not delivering to focus on viable schemes where shortfalls in funding are preventing their progression.

2.3 The [government's policy statement of July 2020](#) on flood and coastal erosion risk management (FCERM) set out a number of actions that will further strengthen incentives for generating partnership funding, including from the private sector. As part of these actions, last year Defra published a Call for Evidence on local factors in managing flood and coastal erosion risk. This explored, among other topics, incentives that could be applied to the Partnership Funding policy to encourage wider financial contributions, including from the private sector. A [summary of responses](#) to this Call for Evidence was published in July 2021.

2.4 The 2022-23 Local Government Finance Settlement provides the resources and stability councils need, following the impact of pandemic and to support the levelling up agenda. In February the government announced this settlement makes available an additional £3.7 billion to councils, including funding for adult social care reform. DLUHC are providing an additional £1.6 billion of grant funding to councils in each of the next 3 years, including in 2022-23 an additional £636 million for the Social Care Grant and a new £822 million one-off 2022-23 Services Grant for all services, including for flood risk management. This new funding is the largest cash-terms increase in grant provided through the settlement for 10 years. The majority of local government funding is un-ringfenced, recognising that local authorities are best placed to decide how to meet the major service pressures in their local areas, including on flood risk management.

2.5 The government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The government understands the value that a stable funding environment brings to local authorities. The government therefore recognises how important multi-year certainty is to local authorities. DLUHC will work closely with local partners to look at the challenges and opportunities they face before consulting on any potential changes.

4: PAC conclusion: Short-term funding cycles are impacting on the Agency's ability to manage flood risks effectively.

4a: PAC recommendation: The Department and the Agency should work with HM Treasury to reduce the adverse impacts of short-term funding cycles.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The government is investing a record £5.2 billion in a six-year capital investment programme from 2021 to 2027 – double the amount of the previous programme. This six-year investment was reaffirmed in the 2021 Autumn Budget and Spending Review. At the Spending Review 2021 the government also agreed a three-year uplift to the Agency's resource allocation for delivering this capital programme.

4.3 At the Spending Review 2021, the government also announced an additional £22 million per year for the next three years for the maintenance of flood defence assets. This multi-year settlement will maintain the Agency's current level of 94-95% of assets in high consequence systems in good condition by 2025.

5: PAC conclusion: The current indicators used to monitor national flood risk do not cover important elements such as risks to agricultural land, business premises, and infrastructure.

5: PAC recommendation: The Department's new set of national flood risk indicators should incorporate all types of flood risk to ensure they provide a full picture of what is happening to flood risk including for homes, non-residential property, agricultural land, and infrastructure across England and should facilitate the comparison of flood risk across previous years so progress can be clearly assessed.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

5.2 The Department for Environment Food and Rural Affairs (Defra) and the Agency are developing a framework for understanding overall flood risk. This framework will use an improved methodology for calculating the risk reduction achieved by the capital investment programme, alongside the changes in risk due to other factors such as housing development, climate change and the condition of flood defence assets. As part of this framework, on 5 April 2022 the Agency updated the Partnership Funding calculator to collect data to show how the capital investment programme is reducing flood risk.

5.3 The Agency is also considering what changes can be made to prepare business processes for the implementation of the new National Flood Risk Assessment (NaFRA) in 2024. The new Assessment will provide a single picture of current and future flood risk from rivers, the sea and surface water, using both existing detailed local information and improved national data.

5.4 The Defra now has in place a full suite of Key Performance Indicators (KPIs), agreed with the Agency, that better track progress of the 2021-2027 capital investment programme as part of a strengthened oversight and assurance process that will aid in monitoring progress against programme objectives. This framework to understand overall flood risk will be included in the final KPIs once developed. Methods of data collection, validations and reporting will continue to be subject to ongoing refinement as the programme progresses.

5.5 More widely, and in addition, the Defra has committed to develop an overall national set of indicators to monitor trends over time in tackling flood and coastal erosion in England. These will enable a better understanding of the impacts of government's policies and will inform future action. The Defra [commissioned research](#) in April 2021 to inform ongoing policy development. The research is due to conclude in Summer 2022 and the department will, subsequently, provide an update on progress to develop a national set of indicators.

6: PAC conclusion: The Department has not ensured that all regions, deprived areas in particular, get a fair share of the available funding.

6: PAC recommendation: The Department and the Agency should undertake and publish annual analysis of investment levels across regions and deprived areas. This should be followed up by appropriate action to reduce any funding inequality. Annual analysis and reporting should start at the end of the first year of the next investment period (March 2022).

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

6.2 The government published an [Investment Plan](#) in July 2021, which included the forecast indicative range of investment across the country from 2021 to 2027. Every English region is forecast to receive more investment in flood and coastal defences in this programme compared to the previous 2015 to 2021 investment programme.

6.3 The Agency has updated their [Chief Scientist's Group report on social deprivation and the likelihood of flooding](#). Their additional analysis at figure 3c shows that in the previous 2015 to 2021 investment programme, roughly 30% of investment on average went to the 20% most deprived areas. This suggests that the government invested more money per household in the most deprived areas compared to the programme overall.

8: PAC conclusion: Despite the known risks, there are still plans to build houses on flood plains.

8c: PAC recommendation: The Department should work with Department for Levelling Up, Housing and Communities (DLUHC) to:

- **ensure mandatory reporting on planning decisions approved in flood risk areas – particularly when the Agency disagrees.**

8.1 The government agrees with the Committee's recommendation.

Target implementation date: to be determined as part of the implementation of the planning reform agenda. DLUHC will write to inform the Committee of the date as soon as it has been determined.

8.2 The Department for Levelling Up, Housing and Communities are progressing an ambitious planning reform agenda which has digital transformation at the heart of it through the Levelling Up and Regeneration Bill which entered Parliament on 11 May. The Bill includes powers to support the move to a data-driven planning system, which include to set consistent data standards across the planning system as well as local authorities required to openly publish planning data. This will help make it easier for planning officers to make planning decisions, backed by the latest data available for development in flood-risk areas.

Forty-Sixth Report of Session 2019-21

Department for Business, Energy & Industrial Strategy and HM Treasury

Achieving Net Zero

Introduction from the Committee

In June 2019, government committed in law to achieving 'net zero' greenhouse gas emissions by 2050, requiring the UK's emissions in 2050 to be equal to or less than what is removed from the atmosphere by either the natural environment or carbon capture technologies. This target aims to deliver on the commitments it had made by signing the Paris Agreement in 2016. Net zero is an increase in ambition from the government's previous target, set in 2008, to reduce net emissions by 80% by 2050 compared with 1990 levels. Reducing emissions further to achieve net zero is a colossal challenge, requiring wide-ranging changes to the UK economy and to the way we all live our lives. This includes further investment in renewable electricity generation, as well as changing the way people travel, how land is used and how buildings are heated. The all-encompassing nature of achieving net zero means that organisations across central and local government, as well as the public, all have a role to play. The Department for Business, Energy and Industrial Strategy (the Department) has overall responsibility for achieving net zero. It also has lead responsibility for decarbonising many of the highest-emitting sectors of the economy, such as power and industry. The Department must work with the Devolved Administrations and other departments, such as the Ministry of Housing, Communities and Local Government, Department for Environment, Food & Rural Affairs and the Department for Transport, which each hold responsibility for decarbonisation in their respective policy areas. Progress has not been uniform and whilst emissions from power have declined by 62% between 2008–2018, surface transport emissions have declined by only 3% over the same time period. HM Treasury has a key role to play given it allocates budgets to government departments and is central to assessing the relative priority of policies across government.

Relevant reports

- NAO report: [Achieving Net Zero](#) – Session 2019-21 (HC 1035)
- PAC report: [Achieving Net Zero](#) – Session 2019-21 (HC 935)
- Treasury Minute: [May 2021 Treasury Minute](#) – Session 2019-21 (CP 434)
- Treasury Minute: [Progress Report](#) – Session 2019-21 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below.

2: PAC conclusion: The Department is not yet reporting on the programmes across government that are crucial to the delivery of net zero in a way that enables Parliament or the public to scrutinise progress.

2: PAC recommendation: The Department should develop a clear set of metrics that provide a system-wide view of progress towards net zero. These metrics, which should include reporting on progress of emissions levels compared to expectations within each sector, should be reported regularly from the end of 2021, in as close to real time as is feasible and produced in a user-friendly manner for the public.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The government already comprehensively reports the UK's historic emissions since 1990 and publishes projections of future emissions. The UK's '[Energy and Emissions Projections](#)' (EEP) is a world leading approach to projecting the UK's annual emissions, by sector, according to United Nations Framework Convention on Climate Change guidelines.

2.3 The government is now going further to communicate and invite scrutiny on progress towards net zero. The [Net Zero Strategy](#) sets out a delivery pathway. This is an indicative trajectory of emissions reductions based on potential in each sector of the economy, which keeps the government on track to meet the sixth carbon budget ending in 2037. While it is impossible to predict every path to net zero, this pathway sets out the decisive action the government knows is needed and acts as the best plan the government has to measure progress against.

2.4 As well as the EEP, The Department for Business, Energy and Industrial Strategy (the Department) is now committing to provide a public update every year, from 2022, on progress against the delivery pathway to net zero set out in the Strategy. This will include:

- An update on progress against the targets and ambitions set out in the Strategy.
- Commentary on contextual changes that might affect the exact pathway to meeting the department's decarbonisation commitments.
- A summary of key areas of progress made against the policies and proposals in this Strategy.

4: PAC conclusion: Government does not have a clear way of determining whether its actions to reduce emissions in the UK are transferring emissions to other countries.

4: PAC recommendation: The Department should review how policies aimed at reducing UK-based emissions take into account the risk that emissions are passed to other countries and explore how to make the level of emissions generated in the manufacture of imported goods more transparent.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Last October, the government published analysis on the risks of carbon leakage to the UK and possible mitigation options in the [Net Zero Review Final Report](#) and [Net Zero Strategy](#). These include regulatory standards, Carbon Border Adjustment Mechanisms, and "demand-side" policies to increase demand for low emissions products and to improve transparency around UK emissions (eg. through product labelling), on which the government has committed to developing detailed policy proposals. In December 2021, the government launched a [Call for Evidence \(Creating a Market for Low Emission Industrial Products\)](#) which closed in February 2022. There will be further consultation on aspects of demand-side policy later in 2022.

4.3 The department is reviewing existing carbon leakage mitigation policies. In March 2022, the government published a [consultation on the development of the UK ETS](#). This includes reviewing the UK Emissions Trading Scheme's (ETS) cap to ensure it supports the government's net zero targets, and continues the [review into free allocation policy](#) for industrial sectors, which protects sectors at risk of carbon leakage. The department is also analysing responses to the consultation on the [Energy Intensive Industries compensation schemes](#), which closed in August 2021, and will respond in due course.

4.4 Developing a shared global solution to carbon leakage is a priority, as carbon leakage is caused by countries taking different approaches to climate mitigation. The government is working through international fora, including through the G7, where members have committed to explore establishing an open, cooperative international climate club. Other related policies include the launch of the:

- Breakthrough Agenda at COP26, committing 45 countries to work together internationally this decade to accelerate the development and deployment of clean technologies.
- G7 Industrial Decarbonisation Agenda, aiming to drive high-level collaboration among the G7 and align existing key industrial decarbonisation international initiatives.

6: PAC conclusion: The Department has not sufficiently engaged with local authorities on their role in the achievement of net zero across the UK.

6: PAC recommendation: Government should respond with a coherent National Fiscal and Policy Framework. This should set out Government's national responsibilities. Local Authorities local and regional responsibilities and be clear how government proposes to work with local authorities to secure the funding, skills, resources and outcomes required to deliver Net Zero

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The government recognises that local authorities can, and do, play an essential role in driving local climate action. Across the UK, local areas have already made great strides towards net zero and throughout the UK there are brilliant examples of local action, innovation, and excellence.

6.3 The government works closely with local government and has provided support to help them contribute to delivering net zero.

6.4 The [Net Zero Strategy](#) sets out the government's commitments to enable local areas to deliver net zero. This includes building on existing engagement with local actors by establishing a Local Net Zero Forum to bring together national and local government senior officials to discuss policy and delivery options on net zero.

6.5 The strategy also committed to continuing the Local Net Zero Programme to support all local areas with their capability and capacity to meet net zero. This includes provisions to:

- Continue the Local Net Zero Hubs (previously known as the local energy hubs) to support all areas of England to reach net zero, including those lacking capacity and capability, or those facing unique challenges.
- Promote best practice and support local authorities to develop net zero projects that can attract commercial investment.
- Increase knowledge sharing to demonstrate and share successful net zero system solutions.

Forty-Seventh Report of Session 2019-21

Department of Health and Social Care

COVID-19: Test, track and trace (Part 1)

Introduction from the Committee

Test and trace programmes are a core public health response in epidemics. The basic principles of test and trace are identifying infected individuals, or groups of individuals, through testing, and tracing their contacts as early as possible. Potentially infectious contacts are then encouraged or obliged to reduce interactions with other people (to self-isolate), thereby reducing the spread of disease. On 28 May 2020, the government launched the new NHS Test and Trace Service (NHST&T), to lead the national test and trace programme, working in conjunction with Public Health England (PHE) and English local authorities. The 'isolate' part of the COVID-19 strategy is not part of the scope of the Test and Trace programme, but is key to successfully controlling the disease.

NHST&T is part of the Department of Health & Social Care (the Department), which has overall responsibility for testing and tracing. Throughout the pandemic, the Secretary of State for Health has had ministerial accountability for the test and trace programme. Up to December 2020, NHST&T had an unusual accountability relationship with the Department: it was subject to the Department's financial, information and staffing controls, but its head, the executive chair, reported directly to the Prime Minister and the Cabinet Secretary. The Department told us this relationship changed on 3 December 2020, with the executive chair now reporting to the Secretary of State for Health. PHE is England's expert public health agency, with responsibilities for public health advice, analysis and support, and for responding to public health emergencies. Local authorities employ directors of public health who have a statutory duty to control local COVID-19 outbreaks.

Relevant reports

- NAO report: [The government's approach to test and trace in England – interim report](#) – Session 2019-21 (HC 1070)
- PAC report: [COVID-19: Test, track and trace \(part 1\)](#) – Session 2019-21 (HC 932)
- [Treasury Minute](#) – May 2021 (CP 434)
- [Correspondence sent to Public Accounts Committee](#) – 16 December 2021

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (correspondence above), the remaining recommendation is updated below.

6: PAC conclusion: As we hope for longer-term and sustained reductions in infection levels, the Department needs to think about the future shape of national test and trace services, and how it will secure lasting benefits from its spending.

6: PAC recommendation: Within the next six to nine months, the Department should outline publicly its future strategy for testing and tracing services in England, including:

- **its timetable for transitioning to the new National Institute for Health Protection;**
- **its exit strategy when infection levels reduce, including downscaling, mothballing and reallocating national and local capacity;**

- *how it will cost-effectively maintain a degree of readiness for future surges of COVID-19 and other influenza-like infections; and*
- *how it will work with the NHS, public health and local government bodies to secure continued benefit from the assets and infrastructure it has created.*

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2022
Original target implementation date: November 2021

6.2 On 29 March 2021, the government announced that the new UK Health Security Agency (previously known by its working title of the National Institute for Health Protection) would be formally established. From 01 April 2021, the organisation began to make arrangements for safe and effective transfer of component organisations (Public Health England and Test and Trace) and staff, ensuring there was no loss of focus or operational risk to the COVID-19 response or any other essential health protection activity. The UK Health Security Agency (UKHSA) was then formally established with its component parts from 1 October 2021.

6.3 UKHSA had a key role to play in the delivery of the COVID-19 Response: Autumn and Winter Plan. The plan for this was [published on 14 September 2021](#). On 21 February 2022 [COVID-19 Response: Living with COVID-19](#) was published, setting out the strategy and plans for the next phase of the Covid Response and on 30 March 2022 a [written ministerial statement](#) was published containing further details. UKHSA is developing contingency plans for future surges and/or dangerous new variants and will provide a further update on readiness in summer 2022.

6.4 During this first year of operation, UKHSA is also expected to focus on work to complete its full establishment, including work to agree the agency's future operating model, including ways of working with other partners across the public health and health protection system. This will include preparing a strategic plan covering the years 2022 -23 to 2024-25, and a business plan for 2022-23.

Forty-Ninth Report of Session 2019-21

Ministry of Housing, Communities and Local Government

COVID-19: housing people sleeping rough

Introduction from the Committee

On 26 March 2020 the Ministry of Housing, Communities & Local Government (the department) launched its Everyone In initiative. Everyone In required local authorities to take urgent action to house people sleeping rough and those at risk of rough sleeping in order to protect them and stop wider transmission of COVID-19. This was in recognition both of the greater vulnerability of this population, given the prevalence of underlying health conditions, and the practical barriers to self-isolating within communal shelters. By mid-April, 90% of the then estimated population of people sleeping rough had been made an offer of emergency accommodation, often staying in hotels that had been block-booked by local authorities. In the first wave of the pandemic, the deaths of only a relatively small number of people sleeping rough, and those who had been rough sleeping, were linked with COVID-19 (16 people as of 26 June 2020). By the end of January 2021, there were 11,263 people staying in hotels and other emergency accommodation, and a further 26,167 people who had been helped to find more settled accommodation.

Relevant reports

- NAO report: [Investigation into the housing of rough sleepers during the COVID-19 pandemic](#) – Session 2019-21 (HC 1075)
- PAC report: [COVID-19: housing people sleeping rough](#) – Session 2019-21 (HC 934)
- Treasury Minute [May 2021](#) (CP 434)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendation is updated below:

4: PAC conclusion: The Department has provided a number of different funding streams to local authorities to cover the pandemic response for people sleeping rough, but many are short-term and reactive, and the Department does not have a cohesive longterm funding plan for its commitment to end rough sleeping.

4: PAC recommendation: To inform the review of its strategy, the Department should reassess the level of funding required to meet its target of ending rough sleeping and align all individual streams of funding for tackling rough sleeping to this end. This should address the importance of multi-year funding certainty for local authorities and the voluntary sector. In doing so, it should state how it will assess the long-term value for money of its spending on rough sleeping and homelessness, focusing on interventions which do most to reduce the long-term public costs associated with both rough sleeping and housing people in temporary accommodation.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 As part of Spending Review 2021, the government has committed to spending £2 billion to tackle homelessness and rough sleeping over the next three years. This will provide certainty to local partners and enable the department (now known as The Department of Levelling Up, Housing and Communities) to continue its flagship programmes, all of which have significant impacts on reducing rough sleeping. These include the Rough Sleeping Initiative, the Homelessness Prevention Grant, and the delivery of the 6,000 longer-term homes under the Rough Sleeping Accommodation Programme. The department will also deliver a bold, new rough sleeping strategy which will set out how it will end rough sleeping.

4.3 The department has taken steps to streamline its programmes and improve overall efficiency. Four departmental grants have recently been combined into the newly launched Voluntary and Community Frontline Sector Support Grant, enabling a more strategic, longer-term approach to supporting this sector. This involved combining the Flexible Homelessness Support Grant and Homelessness Reduction Grant into a single Homelessness Prevention Grant, giving local authorities more control and flexibility in managing homelessness pressures. These changes aim to improve prevention of rough sleeping and homelessness, which is both better for those affected and better value for money than intervening at later stages, given the high cost of rough sleepers in comparison to the average U.K. adult².

4.4 The department continues to invest significantly in evaluating and monitoring its interventions to inform improved outcomes and value for money. In addition to the Rough Sleeping Initiative Impact Evaluation, DLUHC's programme of research involves evaluations across a range of programmes, including Housing First, the Next Steps Accommodation Programme, the Rough Sleeping Drug and Alcohol Treatment Grant and the Accommodation for Ex-Offenders scheme.

² Initial findings from the Department's published Rough Sleeping Questionnaire reports the average annual fiscal cost of a rough sleeper is £12,300, compared to c.£3,100 for the average adult (2014-2015 costs).

Fiftieth Report of Session 2019-21

Ministry of Defence

Defence Equipment Plan 2020 – 2030

Introduction from the Committee

The Department's 2020–2030 Equipment Plan (the Plan) sets out its spending plans for the next 10 years on projects to equip the Armed Forces. It shows that the Department has allocated a budget of £190 billion to equipment and support projects, 41% of its entire forecast budget. The Plan assesses whether its equipment and support projects are affordable. The Department needs to manage this expenditure effectively to ensure the Armed Forces can secure and maintain all the equipment that they need. The Department must also retain a level of flexibility to develop new high-priority capabilities and replace some existing capabilities as they go out of service.

The Department first published its Equipment Plan in 2013. Under the Department's delegated model, managing projects is the responsibility of the Front-Line Commands (Navy, Army, Air and Strategic Command), the Defence Nuclear Organisation and the Strategic Programmes Directorate. These organisations are known as Top-Level Budgets (TLBs) and are required to deliver their agreed defence outcomes within delegated budgets. The Department's Head Office aggregates the information provided by the TLBs to establish the departmental position on the affordability of the Equipment Plan.

Relevant reports

- NAO report: [The Equipment Plan 2020 to 2030](#) Session 2019-2021 (HC 1037)
- PAC report: [Defence Equipment Plan 2020 - 2030](#) (HC 693) Session 2019 -21 (HC 693)
- [Global Britain in a Competitive Age: The Integrated Review, Security, Defence, Development and Foreign Policy](#): 16 March 2021
- [Defence in a Competitive Age](#): 22 March 2021
- [Defence and Security Industrial Strategy](#): 23 March 2021
- [Treasury Minute May 2021](#): (CP 434)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)
- [The Defence Equipment Plan 2021 - 2031](#): 22 February 2022
- [Evidence Summary: The Drivers of Defence Cost Inflation](#): February 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below.

1: PAC conclusion: It is very disappointing that the Department's latest Equipment Plan is unaffordable for the fourth year in a row.

1: PAC recommendation: In its next Equipment Plan report, the Department must demonstrate that its Plan is affordable and has the resilience to absorb financial pressures—like cost inflation—and respond to changing capability needs.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Ministry of Defence (the department) considers this recommendation complete. [The Defence Equipment Plan 2021](#) sets out that following Spending Review 2020, the department has an affordable Equipment Plan made up of £238 billion of spending on Defence over the next ten years. The additional funding generated through the Spending Review (SR20) has enabled the department to invest in cutting edge new capabilities, outlined in an affordable long-term plan in line with priorities and aims outlined in the Integrated Review. The Plan highlights a range of complex programmes and ambitious modernisation plans, including next generation fighter jets and more ships for the Royal Navy, that will ensure the Armed Forces have cutting-edge resources to meet future threats. The department has taken difficult decisions to deliver savings across the forward-looking equipment plan, ensuring headroom that mitigates against risks to affordability. The department will continue to keep changing capability needs and risks such as inflation under close review.

3: PAC conclusion: The Department's failure to break the cycle of short-term financial management is preventing it from developing essential military capabilities in ways that achieve value for money and is restricting its ability to respond to new opportunities or threats.

3: PAC recommendation: After the Department has translated the decisions in the Integrated Review into a balanced investment programme, it should write to the Committee setting out the key principles of how it will make future investment decisions and manage its equipment budget to achieve value for money.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department has written to the Committee on [22 June 2021](#) and [14 September 2021](#), which outlined further details of the investments and savings taken through the Integrated Review.

3.3 The [Defence Equipment Plan 2021](#) (published 21 February 2022) sets out how military capability will evolve to meet new threats within an affordable financial envelope. It outlined the steps the department is taking to ensure that the equipment plan remains affordable and delivers value for money.

3.4 The department is planning to publish the Defence Capability Framework in June 2022 which will outline future military capability development priorities and challenges; including key principles to guide future investment decisions on Military Capability.

4: PAC conclusion: The Defence equipment programme is routinely jeopardised by factors that drive inflation in defence projects.

4: PAC recommendation: The Department should undertake a comprehensive study to better understand the drivers of defence costs inflation. This should not merely be a statistical exercise but should look at attitudes and behaviours within the defence acquisition system, and how commercial realities and competition with other nations drive up costs. It should report the results to the Committee.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department considers this recommendation complete with the recent publication of the [‘Evidence Summary: The Drivers of Defence Cost Inflation’](#) report, which was published alongside the department’s Equipment Plan in February 2022. The report provided a comprehensive summary of the two main factors contributing to Defence Cost Inflation: cost escalation (cost increase over time) and cost growth (cost increase within a project).

4.3 The report provides a detailed insight into cost growth, its impact on the affordability of the annual Equipment Plan and how the department is addressing both the causes and impact of cost growth and escalation.

5: PAC conclusion: The Department has not established a reliable and sophisticated approach to estimating the cost of its future equipment programme, including setting realistic efficiency savings.

5: PAC recommendation: The Department should strengthen its approach to assessing risk in long-term projects, liaising with other government departments to establish and draw on best practice. In the next Equipment Plan report, it should explain the improvements made and set out how it has tested confidence in its ability to deliver planned efficiency savings, including those for 2021–22.

5.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

5.2 The department recognises the importance of the setting and delivering realistic efficiency savings. The department has already put its efficiency programmes on a more stable footing through the SR20 settlement process. The department is continuously improving its processes to improve central governance and reporting in order to drive better performance on efficiency delivery across the department.

5.3 As outlined in the recent [Defence Equipment Plan 2021](#), the department is committed to further improvement through continual review of targets against which the department tracks delivery of efficiency benefits, in order to focus its efforts on incentivising new efficiency delivery rather than continuing to track an ever-increasing volume of delivered reductions against legacy targets.

5.4 Also outlined in the recent [Defence Equipment Plan 2021](#), is the department’s approach to assessing risk in long-term projects, where new guidance has been developed which directs the use of standardised methodologies when calculating risk costings. The expectation is that this should produce more accurate risk forecasts, therefore better informing financial decision-making and control.

5.5 The department has improved central governance, scrutiny, and assurance of the efficiency pipeline. The department recognises that this is an area, the department needs to keep under review to continue to monitor and improve delivery.

6: PAC conclusion: The Department does not have all the necessary arrangements or qualified staff in place to provide assurance that its Equipment Plan is reliable and has been subject to rigorous quality assurance.

6: PAC recommendation: The Department should re-assess the role of its Head Office team in providing assurance on the affordability of the Equipment Plan and strengthen financial capabilities across the Department, ensuring that TLBs have adequate capacity and capability to make reliable and consistent assessments of future costs.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2023

6.2 The department's Strategic Finance function has an important role to play in the transparent, accurate reporting of the Equipment Plan to the public and, working across the department, has taken steps to increase resources available to produce the report. Implementation of the Finance Function Leadership model sees a dedicated channel for Enabling Organisations into Strategic Finance through Finance Operations and Specialist Services teams. Strong communications are maintained through a developed network between Strategic Finance and Enabling Organisation Finance leads. The annual equipment plan report continues to be assured through an internal, independent, team.

6.3 The department recognises that professionalism and skills are vital to improving financial outcomes and is committed to achieving a target of 60% of the finance profession holding a qualification. 84% of the Finance SCS profession are qualified, with 11% studying. 73% of Grade 7/6 personnel have relevant qualifications to ensure the necessary expertise and oversight. The department continues to support professional development with over 500 personnel studying for a professional qualification, of which 202 are apprenticeships. Embedding the Government Finance Function's Career Framework, detailing roles requiring professional qualifications, will inform the employee value proposition.

6.4 The department continues to strengthen its financial capabilities more broadly. Complementing established Finance Skills Certificate training, available to all staff, the department has launched a suite of webinars focussing on key finance topics. Budget Holder training has been developed, tested, and is embedded in the learning and development portfolio. The department has developed a suite of non-functional training to improve general business skills.

Fifty-First Report of Session 2019-21

HM Treasury and The Infrastructure and Projects Authority

Managing the expiry of PFI contracts

Introduction from the Committee

Since the early 1990s the public sector has used the Private Finance Initiative (PFI) to build more than 700 public infrastructure assets such as roads, schools and hospitals. PFI deals involve the public sector entering a long-term contract with a private sector company, which has been specifically created to finance the project, through a combination of debt and equity investors, and design and build the asset. When construction is finished the PFI company operates and maintains the assets together with running any associated services over the life of the contract, typically 25–30 years. In exchange, the public sector will make annual payments to the PFI company which cover debt and interest repayments, shareholder dividends, asset maintenance, and in some cases other services like cleaning.

These contracts are now expiring and over the next 10 years, an estimated 200 PFI projects will finish, representing £10 billion of assets. In most cases, when a PFI contract expires, the assets will transfer to the public sector. The process is complex and requires the public body (the authority) that entered into the original contract to take several actions in advance of expiry. First, the authority has a duty to ensure the private company has completed any scheduled or reactive maintenance, including any rectification work required to bring the asset up to the condition stipulated in the contract. Second, the authority needs to decide if the assets and services are required after expiry and, if so, how the asset will be maintained, and the services provided.

It is ultimately the responsibility of the authority to manage its PFI contract, including the expiry process. Each authority will be supported by a sponsor department. Government departments can act as either an authority, if it directly owns a PFI contract, or as a sponsor department if it is supporting a local body such as an NHS trust or local authority with their contract. The IPA is the government's centre of expertise for infrastructure and major projects. It provides advice and support to departments and authorities. Local Partnerships, a joint venture between the Treasury, the Local Government Association and the Welsh Government, provides training and assistance to authorities on any aspect of their PFI contracts. The Treasury is responsible for PFI policy, and indirectly funds all contracts via the budgets it allocates to departments.

Relevant reports

- NAO report: [Managing PFI assets and services as contracts end](#) Session 2019-21 (HC 369)
- PAC report: [Managing the expiry of PFI contracts](#) Session 2019-21 (HC 1114)
- [Treasury Minute](#) May 2021 (CP 434)
- [Treasury Minutes Progress Report](#) - November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below:

2: PAC conclusion: The IPA does not yet have the data it needs to fully understand the challenges of managing the expiry of PFI contracts

2b: PAC recommendation: The IPA should compile a central list of all PFI expiry dates to help authorities prepare for their conclusion.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The annual data collection is a significant undertaking, and the Infrastructure Projects Authority (IPA) is reliant on departments providing accurate and comprehensive information. The data on expiry dates has been collected through the annual data collection exercise managed by the IPA.

6. PAC conclusion: The IPA has not set out a clear escalation process to avoid disputes between the public and private sector going through the courts.

6: PAC recommendation: The IPA should publish a disputes protocol, outlining how disputes can be escalated by authorities, and the steps that can be taken to ensure disputes only need to be resolved by the courts as a last resort. Where disputes do materialise, the IPA should conduct a review to determine whether it is a one-off disagreement or a wider problem that may impact other contracts.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

6.2 The IPA recognises that due to the complexity and considerable financial and commercial incentives at risk, Private Finance Initiative (PFI) contractual negotiations can result in disagreements and ultimately disputes between the parties, which can be time consuming and costly to resolve. In order to reduce the risk of disputes, especially in relation to contract expiry, the IPA is therefore in discussions with the private sector PFI investors and related government departments, along with Contracting Authorities on the key commercial issues and other main factors affecting PFI contract expiry.

6.3 So far two working groups have been inaugurated with agreed Terms of Reference (ToR), to deal with:

- Expiry Asset Condition - a systemised classification and evaluation methodology for asset and building condition; and
- Net Zero - future proofing PFI assets up to expiry and beyond it to meet Net Zero targets.

The other topics for which working groups are planned to be established are information and data handover, pre-planned preventative maintenance and future services provision. The aim of these working groups is to manage the expiry of PFI contracts in a more consistent fashion and identify and deal with cross cutting issues and these discussions have been constructive so far. Departments have been consulted on this approach and are supportive as it will provide a view of investor behaviour across different sectors.

6.4 Every PFI contract has within it a Dispute Resolution Procedure (DRP) that sets out the process to be followed by the counterparties in order to resolve disputes before they reach the courts. It is the IPA's view that if the DRP as set out in the contract is followed, disputes will be settled before they reach the courts. The working groups will cover the areas of PFI expiry where the large majority of disputes are likely to arise. Once all the working groups have agreed ToRs, the IPA will consider this recommendation to be completed and provide the Committee with a copy of all the ToRs.

6.5 The IPA will continue to monitor disputes and specific guidance will be considered should this indicate a wider underlying issue.

Fifty-Second Report of Session 2019–21

Ministry of Justice

Key challenges facing the Ministry of Justice

Introduction from the Committee

The Ministry of Justice (the Ministry) and its executive agencies, including HM Courts & Tribunals Service (HMCTS) and HM Prisons and Probation Service (HMPPS), are responsible for managing the work of courts, prisons and probation services. The pandemic has significantly impacted the operation of the justice system and has exacerbated systemic issues that have arisen over the years as a result of deep cuts to the Ministry's finances, increased demand across the whole system, and sustained pressure on frontline staff. The Ministry and its agencies are attempting to support the system to recover from the unprecedented effects of the pandemic and to manage significant reform programmes in courts and probation, alongside an ambitious prison building programme.

Relevant reports

- PAC report: [Key challenges facing the Ministry of Justice](#) – Session 2019-21 (HC 1190)
- Treasury Minutes: [June 2021](#)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 549 above), the remaining recommendation is updated below.

5: PAC conclusion: We remain concerned that the maintenance backlog poses a real threat to achieving a safe and secure prison estate able to accommodate future prison populations.

5: PAC recommendation: As part of setting out a long-term strategy for managing the prison estate, the Ministry should explain how it will:

- **work with others in the system, including the Home Office to refine its understanding of demand for prison places; and**
- **reduce the maintenance backlog in the existing prison estate.**

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Ministry of Justice (the department) is working closely with partners across the criminal justice system, including the Home Office and Crown Prosecution Service, to improve prison demand modelling to ensure the prison estate has sufficient capacity to meet future demand. A joint understanding of this data will be integral to identifying levers to manage demand and all other aspects of the justice system.

5.3 The 2020 Spending Review settlement provided £315 million in capital funding for 2021-22 to improve the condition of the existing prison estate. £220 million was invested directly in custodial maintenance, with the remainder being invested in replacing temporary accommodation, improving and replacing prison assets and maintenance of the approved premises and youth estates. The 2021 Spending Review provided a further investment in

maintenance of the existing estate. Additionally, £3.8 billion will be invested in the department's prison capacity programme over this Spending Review period.

Fifty-Third Report of Session 2019-21

Department of Health and Social Care and the Department for Levelling Up, Housing and Communities

COVID-19: Supporting the vulnerable during lockdown

Introduction from the Committee

On 22 March 2020, the Secretary of State for Housing, Communities and Local Government announced that those people in England who faced the highest risk of being hospitalised by COVID-19 should shield themselves and stay at home. DHSC eventually identified some 2.2 million people as those most clinically vulnerable to COVID-19 and advised them to shield. Government set up the shielding programme to provide support - access to food, medicines and basic care - to people shielding. Government spent £308 million providing this support.

Relevant reports

- NAO report: [Protecting and supporting the clinically extremely vulnerable during lockdown](#) – Session 2019-21 (HC 1131)
- PAC report: [COVID-19: Supporting the vulnerable during lockdown](#) – Session 2019-21 (HC 938)
- [Treasury Minutes](#): June 2021 (CP 456)
- [Treasury Minutes Progress Report](#) November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549), it was announced on 15 September 2021 that the shielding programme has now ended. One recommendation is updated below.

1: PAC conclusion: DHSC's initial clinical criteria for identifying and supporting clinically extremely vulnerable people excluded several factors which it became clear also made people more vulnerable.

1: PAC recommendation: In the event of future epidemics, DHSC should ensure that the way it identifies vulnerable people and the support it offers them, encompasses a broad range of non-clinical factors and personal circumstances that go beyond susceptibility to disease and makes an assessment about what practical support may be needed and how this can be planned for.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

1.2 Whilst the initial definition of the Clinically Extremely Vulnerable (CEV) group was based solely on medical conditions, further evidence and the introduction of the QCOVID® tool has allowed the government to introduce non-clinical factors such as ethnicity, gender and postcode to improve identification of those most at risk from COVID-19.

1.3 This is a new capability for data driven population management and risk stratification across the population to identify and protect those at highest risk, showing how the use of data from different sources can be pooled to enable a holistic view of these populations. Retaining

the digital infrastructure that has provided the capability to maintain such a list may in future enable other targeted interventions.

1.4 Work is ongoing as part of future pandemic preparedness, to determine those capabilities that need to be kept actively maintained and those that can be monitored and assured at an arm's length.

1.5 Shielding support was put in place to enable the clinically extremely vulnerable to follow shielding advice, and therefore was necessarily linked to susceptibility to disease. There are other non-clinically vulnerable groups who also faced difficulties during the pandemic. It was not appropriate to advise these groups to shield, and consequently they were not eligible for shielding support. However, other support was and is available eg local authorities were also able to refer non-shielding vulnerable people to NHS Volunteer Responders for support with basic tasks such as shopping, and medicines deliveries. This wider support was outside the scope of the National Audit Office (NAO) report and was not discussed in the Committee hearing on 22 Feb 2021.

Fifty-Fourth Report of Session 2019-2021

Ministry of Defence

Improving single living accommodation for Service Personnel

Introduction from the Committee

The Department has stated that it will provide regular service personnel with high-quality subsidised accommodation as a condition of service. Single Living Accommodation is normally provided in the form of accommodation blocks inside military bases and is available to single and unaccompanied personnel undertaking initial training, or those serving on a regular engagement with the Armed Forces, as well as some full-time reservists. As of 31 October 2020, 79,963 service personnel, around 52% of the total Armed Forces, occupied Single Living Accommodation. For some, it is their only accommodation; for others, it is used alongside periods living in their own home, for example at weekends. Accommodation can be anything from a set of rooms with en-suite facilities to a bed space in a multiple occupancy room. Single Living Accommodation is part of the wider defence estate and, since April 2018, the infrastructure budget, including funding to maintain and upgrade the estate, has been delegated to the Commands and defence organisations.

Relevant reports

- NAO report: – [Improving Single Living Accommodation](#) Session 2019-21 (HC 1129)
- PAC report: [Improving single living accommodation for service personnel](#) – Session 2019-21 (HC 940)
- [Treasury Minute](#) June 2021 (CP 456)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)
- [Tri-Service Accommodation Regulations Volume 2: Single Living Accommodation and Substitute Service Single Accommodation; Joint Service Publication 464](#)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below:

1: PAC conclusion: The Department has neglected Single Living Accommodation for many years and has not given it anything like the priority that it has deserved, despite the clear link between accommodation and delivery of operational capability.

1: PAC recommendation: The Department should report back to the Committee in six months on the changes it is introducing under its Defence Accommodation Strategy to raise the priority given to Single Living Accommodation, including implementation of the National Audit Office recommendations.

1.1 The government agrees with the Committee's recommendation.

Revised target Implementation date: Autumn 2022
Original target implementation date: December 2021

1.2 The Defence Accommodation Strategy (DAS) is currently being revised before being submitted for publication approval. Work on the Single Living Accommodation (SLA) Minimum Standard's underpinning technical standards and statements is continuing with the intention of

finalising them imminently so that they may be approved through the established governance channels.

1.3 The Ministry of Defence (the department) will write to the Committee around the time of the DAS publication to outline how the strategy and subsequent delivery plans will address the points raised in this recommendation.

2: PAC conclusion: Although many service personnel live in poor quality Single Living Accommodation and are dissatisfied with their accommodation and with the maintenance and repairs service, the Department appeared surprisingly complacent about resolving this long-term issue.

2a: PAC recommendation: The Department should set out clearly in its Defence Accommodation Strategy: how and when it will eradicate the poorest quality accommodation.

2.1 The government agrees with the Committee's recommendation.

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

2.2 The Defence Accommodation Strategy (DAS) will set the strategic direction for the department's accommodation provision and approach to standards. Work is ongoing to develop and set specific and detailed technical minimum standards for Single Living Accommodation (SLA) which will underpin the SLA Minimum Standard in the DAS to progress while DAS publication is awaited. DAS publication will include a minimum standard for the condition of SLA, which will be key to identifying and then eradicating the poorest quality accommodation and setting the timescale and budget to do so.

2c: PAC recommendation: The Department should set out clearly in its Defence Accommodation Strategy: how it plans to gather the views of service personnel on Single Living Accommodation.

2.3 The government agrees with the Committee's recommendation.

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

2.4 The Defence Accommodation Strategy (DAS) will set the strategic direction for the department's accommodation provision and approach to standards. The department has released the survey in advance of the DAS publication to ensure the department understands how Single Living Accommodation (SLA) is being used and what Service Personnel (SP) want from it. The survey launched 20 April 2022 and closed on 20 May 2022. A detailed communications plan is in place to ensure maximum uptake and the final report will be published in the autumn following analysis of the findings. The research design has received a favourable review by the Scientific Advisory Committee (SAC)) and they are content for the department to undertake this survey.

2.5 The survey will cover the following themes:

- How satisfied or dissatisfied SP are with their experiences of SLA.
- How SLA is being used by SP.
- What Service Personnel want and need from SLA.

3: PAC conclusion: The lack of a minimum standard for Single Living Accommodation means the Department has no baseline against which to make investment decisions, or to demonstrate progress towards establishing an estate fit for the 21st century.

3: PAC recommendation: The Department should set and publish a clear minimum standard for the condition of its Single Living Accommodation by the end of the year, taking account of best practice in civilian standards and wider thinking on sustainability.

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2022

Original target implementation date: December 2021

3.2 The Defence Accommodation Strategy (DAS) will set the strategic direction for the department's accommodation provision and approach to standards. Work on the technical standards and statements is continuing to enable assessment of the estate to begin.

4: PAC conclusion: The Department's lamentable failure to implement a Single Living Accommodation Management Information System (SLAMIS) over the past eight years means it is unable to manage its Single Living Accommodation efficiently.

4: PAC recommendation: The Department should report back to the committee in six months on progress with delivering the SLAMIS system, including to confirm when in 2022 it will be fully operational.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department wrote to the Committee on [2 November 2021](#). Full Operating Capability remains on track for December 2022. Following successful completion of SLAMIS pilots, the Full Business Case was signed off by the MOD Approving Authority November 2021; full roll-out has already commenced. Concurrent and detailed programming activity continues for individual establishments through extensive engagement with the single Services.

6: PAC conclusion: We are concerned that, although Commands have plans to improve Single Living Accommodation, this will only address the worst problems, and available funding may be used to meet other demands.

6: PAC recommendation: In the light of the publication of the Integrated Review, the Department should reassess its plans and the funding needed to improve Single Living Accommodation, taking account of the promised minimum standard, and focusing on making as much money available as soon as possible to start addressing years of underinvestment.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 Top-Level Budget (TLB) holders continue to prioritise significant investment into Single Living Accommodation (SLA) improvement plans over the next decade. Through the Annual Budget Cycle (ABC) 2021 SLA investment plans have been updated in line with deliverability considerations and wider Defence investment decisions, including those required by the Integrated Review.

6.3 The TLB's have the following plans:

- Navy Command has firm plans to refurbish or replace the worst pockets of accommodation and will invest c£400 million in the next 10 years to achieve this
- Army SLA investment in minor works in financial year 2020-21 was £21.2 million, this includes full SLA refurbishments, ablution block refurbishments and redecoration programmes. In addition, the design work for the first six pilot sites of the £490M SLA improvement programme continues to progress with construction expected to begin in 2022.
- Across Air, the SLA Plan seeks to bring all Grade 4 and 3 for condition for permanent staff and trainee SLA up to a minimum standard of Grade 2, by 2030 and 2033 respectively.
- UK Strategic Command have developed an Infrastructure plan (IP) of works that includes a significant number of new build and refurbishment of SLA across the estate. The ABC 22 10-year plan would result in the spend of £235 million from within CDEL Major Works Programme. UK Strategic Command are also committed to the development of a SLA Upgrade Programme with the aim of addressing in 2nd Epoch the worst conditioned SLA.

6.4 The department will continue to review plans annually to ensure they remain flexible and able to cope with changes to the minimum standard for SLA and the Defence Accommodation Strategy as both mature.

Fifty-Fifth Report of Session 2019–21

HM Treasury and HM Revenue and Customs

Environmental Tax Measures

Introduction from the Committee

The government has ambitious environmental objectives. The UK is legally committed to bringing all greenhouse gas emissions to net zero by 2050, and the government's overall ambition is to leave the natural environment in a better state. Tax measures are an important tool in implementing environmental policy. Taxes can be levied on goods or services which harm the environment and thus incentivise businesses and people to change their behaviour. Tax reliefs can also encourage taxpayers to use environmentally friendly products or services. Tax measures can be used alongside other policy tools such as regulation to achieve environmental objectives.

Ministers decide on whether to use tax measures to support environmental goals. Where measures are used, HM Treasury and HM Revenue & Customs (the exchequer departments) are responsible for designing the measures to achieve objectives set by ministers, and for monitoring and evaluating their impact. HM Treasury is responsible for the strategic oversight of the tax system and HM Revenue & Customs ("HMRC") is responsible for administering the system.

HM Treasury and HMRC administer four taxes with explicit environmental objectives (referred to as environmental taxes throughout this report). Two are taxes on energy. The Climate Change Levy is paid by businesses and public sector organisations on consumption of energy through their energy suppliers. The Carbon Price Support is paid by electricity generators on the fossil fuels they use. The other two tax the disposal of waste at landfill sites (Landfill Tax) and the extraction of rock, sand and gravel (Aggregates Levy). These four taxes raised £3 billion in 2019–20. Other taxes, such as fuel duty (£28 billion in 2019–20), have an impact on government's environmental objectives but do not have specific environmental objectives.

Relevant reports

- NAO report: [Environmental Tax Measures](#) – Session 2019-21 (HC 1203)
- PAC report: [Environmental Tax Measures](#) – Session 2019-21 (HC 937)
- [Treasury Minutes June 2021](#) (CP 456)
- [Treasury Minutes Progress Report](#) November 2021 (CP 549)

Update to the Government responses to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below:

3: PAC conclusion: We are concerned that immediate priorities have often outweighed action needed to support long-term environmental objectives.

3: PAC recommendation: HM Treasury should consider the pros and cons of publishing a roadmap that signals a clear trajectory to taxpayers for how tax measures will be deployed to contribute to net zero. It should write to the Committee to set out its thinking before the next Budget.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The government [wrote to the Committee in November 2021](#) on the pros and cons of setting out a longer-term roadmap on tax and net zero.

5: PAC conclusion: HMRC has not done enough to evaluate how tax measures with environmental objectives have changed behaviour.

5: PAC recommendation: HMRC should ensure that it has sufficient information to assess whether environmental taxes are achieving their objectives and whether they are having wider impacts, including unwanted behaviour change.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 HM Revenue and Customs (HMRC) are continuing to improve their modelling to estimate the impact of tax measures on atmospheric emissions; and exploring the feasibility of assessing impacts against other environmental indicators to inform policy appraisal, monitoring and evaluation.

5.3 When deciding which tax measures to focus on, HMRC must consider whether it is practical and/or cost-effective to assess the environmental impacts, to ensure value for money for the taxpayer.

5.4 HMRC has obtained external expertise to build a robust analytical approach to monitoring, evaluating and quantifying the environmental impacts of tax measures, including wider impacts and unwanted behavioural changes. This work is ongoing.

5.5 HMRC has now published an [Evaluation Framework](#), which sets out the department's vision for evaluation, and how it will be achieved.

5.6 Decisions on publication of evaluation and monitoring information are a matter for Ministers.

Fifty-Sixth Report of Session 2019–21

Department for Business, Energy and Industrial Strategy

Industrial Strategy Challenge Fund

Introduction from the Committee

Announced in November 2016, and started in April 2017, the Industrial Strategy Challenge Fund (the Fund) is a relatively new approach to promoting innovation, placing its emphasis on working with industry to identify issues, known as challenges, where public funding can make a difference to innovation. The Fund has supported the 2017 Industrial Strategy's aim to raise long-term productivity and living standards and address some of the complex issues the UK faces through supporting four 'grand challenges' set out in the strategy - future mobility; clean growth; artificial intelligence and data; and the ageing society. The Fund invites businesses, universities and other bodies to submit ideas for new 'challenges', linked to the four grand challenges and, if approved, to submit bids for funding for projects that will address those challenges. When inviting bids the Fund encourages businesses and academia to work together, with the intention of encouraging stronger links between the two sectors and fostering innovation. The Fund has a budget of £3 billion earmarked for the period 2017–18 to 2024–25.

UK Research and Innovation (UKRI), established in 2018, is responsible for managing the Fund. It reports to the Department for Business, Energy & Industrial Strategy (the Department), which scrutinises the affordability of challenge-related proposals and approves spending. HM Treasury scrutinises and approves Fund business cases from a value for money perspective.

Relevant reports

- NAO report: [management of the Industrial Strategy Challenge Fund](#) – Session 2019-21 (HC 1130)
- PAC report: [Industrial Strategy Challenge Fund](#) – Session 2019-21 (HC 941)
- Treasury Minute: [June 2021 Treasury Minute](#) – Session 2019-21 (CP 456)
- Treasury Minute: [Progress Report](#) – Session 2019-21 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below.

1: PAC conclusion: UKRI's Challenge Fund is insufficiently focused on what it is expected to deliver in terms of benefit to the UK.

1: PAC recommendation: UKRI, working with the Department, should clearly set out, by October 2021, what it expects the Fund to deliver. This should include its impact on jobs and economic impact in the short, medium and long term.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Business, Energy and Industrial Strategy (the department) [wrote to the Committee](#) in November 2021 covering this recommendation.

5: PAC conclusion: UKRI is not doing enough to make sure the Fund is attracting successful bids from across the country.

5: PAC recommendation: The Department and UKRI should, by October 2021, set out: the factors that are inhibiting more widespread participation in the Fund; and the steps they are taking to attract more interest in the Fund from across the UK.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department implemented this recommendation as outlined in the [letter sent to the Committee](#) in November 2021.

6: PAC conclusion: The elongated time taken by the Department and UKRI to provide funding to successful bidder's risks putting off businesses from applying for the programme.

6: PAC recommendation: The Department, HM Treasury and UKRI should set out by October 2021 how they intend to speed up the time taken to approve challenges and projects.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department implemented this recommendation as outlined in the [letter sent to the Committee](#) in November 2021.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2021-22

Updates on reports with outstanding recommendations

#	Report Title	Page
1	Low emission cars	173
3	COVID-19: Support for children's education	178
4	COVID-19: Local Government finance	180
5	COVID-19: Government support for charities	186
6	Public Sector pensions	188
7	Adult Social Care Markets	191
8	COVID-19 Culture recovery fund	195
9	Fraud and Error	198
10	Overview of the English Rail System	203
11	Local auditor reporting on local government in England	210
12	COVID-19 Cost tracker update	214
13	Initial lessons from government response to COVID-19 pandemic	216
14	Windrush compensation scheme	219
15	DWP employment support	221
16	Principles of effective regulation	224
17	HS2 Summer 2021	228
18	Government delivery through arms-length bodies	230
19	Protecting consumers from unsafe products	234
20	Optimising the Defence estate	239
21	School funding	244
22	Improving performance of major defence equipment contracts	247
23	Test and Trace update	251
24	Crossrail – progress update	255
25	DWP accounts – fraud and error in the benefits system	258
26	Lessons from Grensill Capital: accreditation to business support schemes	261
27	Green Homes voucher scheme	264
28	Efficiency in Government	268

29	National law enforcement data programme	270
30	Challenges in implementing digital change	274
31	Environmental land management scheme	278

Reports completed

#	Report Title
2	BBC strategic financial management (responding directly to the Committee)

First Report of Session 2021-22

Department for Transport and the Department for Business, Energy & Industrial Strategy

Low Emission Cars

Introduction from the Committee

Transport is the UK's largest source of carbon emissions, with road transport being a substantial contributor. The government is trying to increase the number of ultra-low emission and zero-emission cars on the road as a way of reducing carbon emissions. Up to March 2020, it had spent £1.1 billion on a range of consumer grant schemes and an awareness campaign to encourage people to make the switch. This aim is not new; previous governments have been promoting ultra-low emission cars since 2011, with the Departments for Transport and for Business, Energy & Industrial Strategy creating a team called the Office for Zero Emission Vehicles to support the transition. In November 2020, government announced its ambition to stop the sale of new cars that are powered solely by petrol or diesel by 2030. From 2035, only new zero-emission cars can be sold.

Relevant reports

- NAO report: [Reducing Carbon Emissions from Cars](#) – Session 2019-21 (HC 1204)
- PAC report: [Low Emission Cars](#) – Session 2021-22 (HC 186)
- Treasury Minute: [August 2021](#) (CP 510)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below:

1: PAC conclusion: The Departments for Transport and for Business, Energy & Industrial Strategy have not yet published a clear plan for delivering the Government's ambition for the expansion of zero-emission cars.

1: PAC recommendation: Departments for Transport and for Business, Energy & Industrial Strategy should set out their plans for managing the complex transition to electric cars and ensure that progress can be monitored against it. They should then regularly report on progress being made towards the 2030 target to phase out new petrol and diesel cars and the associated impact on reducing carbon emissions. As well as tracking the take-up of these vehicles, the Departments should regularly report progress against a range of metrics covering, for example:

- **the relative affordability of zero-emission vehicles compared to their petrol or diesel equivalents (comparing upfront costs and then running costs);**
- **the sales of ultra-low emission vehicles in the second-hand car market as a proportion of overall second-hand sales;**
- **the accessibility of charging infrastructure in each region/local authority area;**
and,
- **the overall impact on carbon emissions from the UK car fleet.**

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Transport (DfT) regularly publishes data on a number of metrics which track the uptake of zero emission vehicles in the UK on GOV.UK, including data on chargepoint availability, vehicle registrations by type, and transport emissions data. DfT also internally tracks price and affordability of electric vehicles (EV) for consideration in policy development.

1.3 On the 25 March 2022, DfT published an [EV Infrastructure Strategy](#) which sets out its vision and commitments to make EV charging cheaper and more convenient than refuelling at a petrol station. The Strategy commits to developing improved metrics to monitor provision and disparities between local areas while accounting for local needs, for instance, the percentage of households with vehicles parked on-street compared to the number of public chargepoints in an area.

2: PAC conclusion: There are a wide range of consumer-facing issues that still need to be addressed to increase the uptake of zero-emission cars.

2: PAC recommendation: The Departments for Transport and for Business, Energy & Industrial Strategy need to have a sufficient understanding of how changes to the vehicle market are impacting, and going to impact, different types of consumers in different parts of the country. Their plan for expanding the number of zero-emission cars on our roads needs to clearly set out how they propose to tackle emerging consumer issues.

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2022

Original target implementation date: Autumn 2021

2.2 In July 2021, the DfT published its [2035 Delivery Plan](#) setting out key commitments, funding and milestones to help achieve the transition followed in March 2022 by its EV infrastructure strategy which set out the vision and action plan for charging infrastructure roll out.

2.3 Following comprehensive analysis of responses and further policy development, on 25 March 2022, DfT published the response to its [consumer experience at public EV chargepoints consultation](#). In the response the government has announced that it will introduce new regulations for public charge points to improve confidence in the charging network and make the user experience truly seamless. The government will mandate a minimum payment method, an open data protocol for static and some dynamic data, that charging is priced at pence per kWh, a 99% reliable charging requirement across the rapid network and that all charging networks for public EV charge points have a free 24-7-hour helpline. Having allowed time for policy development in producing the consultation response, government will now lay legislation to implement these policies later in 2022 which will come into effect shortly after.

2.4 On 15 December 2021 the government laid legislation requiring all new domestic and non-domestic buildings, and those undergoing major renovation with associated parking in England to have a charge point installed. These requirements will apply from 15 June 2022.

2.5 Additionally, the [Electric Vehicles \(Smart Charge Points\) Regulations 2021](#) were signed into law on 15 December 2021. They will be brought into effect from 20 June 2022. These regulations require all new private charge points to meet minimum technical standards and smart charge by default.

3: PAC conclusion: We are not convinced that government has sufficiently thought through how the charging infrastructure will expand at the pace required to meet the ambitious timetable to phase out petrol and diesel vehicles.

3: PAC recommendation: The Department for Transport should set out as part of its plan for increasing the use of electric cars, how it intends to address the remaining barriers to expanding the charging network, for example, the availability of chargers where drivers do not have off-street parking.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented.

3.2 On the 25 March 2022, DfT published an [EV Infrastructure Strategy](#) which sets out its vision and commitments to make EV charging cheaper and more convenient than refuelling at a petrol station. The majority of EV drivers charge at home and this trend is expected to continue. However, the government must ensure public charge points are in place to support those without off-street parking and to enable long distance journeys. The strategy details that the government expects at least ten times more public charge points to be installed across the UK by the end of the decade, bringing the number to around 300,000 by 2030.

3.3 To ensure that the transition to electric vehicles takes place in every part of the country, the department is pledging at least £500 million to support local charge point provision. As part of this, the Local EV Infrastructure fund will provide approximately £400 million of capital and £50 million of resource funding to support local authorities to work with industry and transform the availability of charging for drivers without off-street parking. The government has launched a [£10 million pilot](#) as a springboard for the development of the full fund.

3.4 The Office for Zero Emission Vehicles continues to work closely with local authorities to encourage uptake of this funding and increase the provision of chargers for those without access to dedicated off-street parking.

4: PAC conclusion: The Departments have not yet demonstrated how they are going to encourage industry to maintain proper environmental and social standards throughout their supply and recycling chains as the zero-emission car market grows.

4: PAC recommendation: The Departments for Transport and for Business, Energy & Industrial Strategy should set out their approach to encouraging car manufacturers to maintain proper environmental and social standards throughout their supply and recycling chains as zero-emission cars volumes grow. This includes as examples:

- ***publishing information on lifecycle emissions;***
- ***details of relevant reporting standards for manufacturers on environmental and social stewardship; and,***
- ***future plans to develop the reporting standards.***

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Winter 2023

Original target implementation date: Winter 2022

4.2 The government takes seriously concerns about the social, environmental and supply impacts of the mining of raw materials for EV batteries. In the 2035 Delivery Plan the Department for Environment, Food & Rural Affairs (DEFRA) committed to publishing a consultation on domestic batteries legislation to ensure there is an appropriate legal framework governing the increasing numbers of EV batteries. The consultation will now be published by the end of 2023 to enable DEFRA to carry out an impact assessment to accompany the consultation.

4.3 On 25 March 2022, DfT published a report which it had commissioned from Ricardo Energy & Environment on [Lifecycle analysis of UK road vehicles](#). This report is a UK specific lifecycle analysis for greenhouse gas emissions of cars, van, buses and heavy goods vehicles with different power trains.

4.4 The Faraday Institution, funded by government, continues to participate in the Global Battery Alliance which seeks to address the human, health and environmental challenges of batteries. The Alliance is progressing with developing a Battery Passport, a digital log of all the information relating to a 'sustainable' battery, such as environmental, social, governance and lifecycle requirements, which enables lifelong traceability, which is on track to launch at the end of 2022.

5: PAC conclusion: There are other issues to be addressed in the transition to zero-emission cars, such as the need to train and retrain the workforce required to service the new car fleet, the impact on the demand for power, and the tax implications from phasing out new petrol and diesel cars.

5: PAC recommendation: The Departments for Transport and for Business, Energy & Industrial Strategy need to work with other departments to consider the practical implications of the transition to zero-emission cars. They should set out in their plan how they are going to manage the wider societal impacts of phasing out new diesel and petrol cars, for example, retraining the UK workforce, the impact on power generation and transmission, and implications for the UK tax take.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

5.2 The DfT and The Department of Business, Energy and Industrial Strategy (BEIS) are continuing to work with the Institute of the Motor Industry to ensure the UK's workforce of mechanics are well trained and have the skills they need to repair EVs safely. The automotive sector is also participating in the government's Emerging Skills Project and the Green Jobs Taskforce, which is developing a long-term plan that sets out the skills needed to help deliver a net zero carbon economy. BEIS is leading work across government on a manufacturing skills action plan. This plan will be identifying actions across the system that will help address skills gaps and opportunities relevant to the decarbonisation of road transport including work championed by the Green Jobs Task Force. Responding to this recommendation is ongoing.

5.3 The Distribution Network Operators published their final business plans in December 2021. They are currently engaging with Ofgem who, very shortly in June 2022 will publish the Draft Determinations of RIIO-ED2 (Revenue = Incentives + Innovation + Outputs), the next electricity distribution price control, which begins in spring 2023. This will put in place a robust process for bringing forward grid upgrades to meet demand, ensuring the electricity network is ready for new demands placed upon it by low carbon technologies, like electric vehicles. Smart EV charging and other smart technologies will also help reduce the need for new network infrastructure, as these technologies lower peak electricity demand the network will have to transport.

5.4 The [British Energy Security Strategy](#) published on 7 April 2022 includes a package to identify and support the deployment of the strategic network infrastructure needed to meet our targets. This includes speeding up regulatory processes and planning consents required for network infrastructure build, supporting the grid to meet the required capacity for low-carbon generation and low-carbon technologies, like EVs.

5.5 HM Treasury's Net Zero Review has noted the fiscal implications of the net zero transition. The Government has committed to ensuring that motoring tax revenues keep pace with the changes brought about by the transition, while keeping the transition affordable consumers. All taxes are kept under review and remain a matter for the Chancellor.

Third Report of Session 2021-22

Department for Education

COVID-19: Support for children's education

Introduction from the Committee

In March 2020, there were almost 21,600 state schools in England, educating 8.2 million pupils aged four to 19. The Department is responsible for the school system and is ultimately accountable for securing value for money from the funding provided for schools.

On 18 March 2020, the government announced that, to help limit transmission of the COVID-19 virus, from 23 March schools would close to all pupils except vulnerable children and children of critical workers. Education for most children would therefore take place remotely at home. While schools partially re-opened in June, most children did not return to school until the start of the new school year in September.

Relevant reports

- NAO report: [Support for children's education during the early stages of the COVID-19 pandemic](#) – Session 2019-21 (HC 1239)
- PAC report: [COVID-19: Support for children's education](#) – Session 2021-22 (HC 240)
- [Treasury Minutes: August 2021](#) (CP 510)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendation is updated below:

2: PAC conclusion: Only a small minority of vulnerable children attended school in the early stages of the pandemic, increasing the risk of hidden harm.

2: PAC recommendation: The Department should work with the Association of Directors of Children's Services to understand why the number of referrals to children's social care services remains below expected levels, and take action in light of the findings to make sure children are being effectively safeguarded.

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 Throughout the pandemic the Department for Education (the department) worked with the Association of Directors of Children's Services and local authorities (LAs) to understand data on referrals and other key indicators for children's social care (CSC). The latest data in the [Vulnerable children and young people survey](#) suggest that overall referrals since the pandemic began remains around 10% below expected levels.

2.3 The department put in place measures to support LAs to make good decisions and for the public to report concerns. Between 2020 and 2021, Ofsted visited half of all [LA CSC departments](#) and found good work to respond to the circumstances of the pandemic in many cases, though some local authorities had struggled.

2.4 To help mitigate against hidden harms the department gave the National Society for the Prevention of Cruelty to Children (NSPCC) an additional £1.79 million to expand and

promote its helpline for adults to report concerns and an additional £310,000 to Childline. This year, the department is funding NSPCC £2.6 million towards the costs of these services.

2.5 For vulnerable infants, the department's response to the Child Safeguarding Practice Review Panel's third national review, includes £554,000 to fund 13 LAs to improve multi-agency approaches to safeguarding infants.

2.6 [The CSC recovery fund](#) provided £24 million to help LAs deliver effective children's social care services following COVID-19.

2.7 Referrals have been relatively stable since January 2022. The department continues to interrogate data on LA performance and has returned to business as usual support for LAs by intervening in LAs rated "inadequate" and supporting those where performance is declining.

Fourth Report of Session 2021-22

Ministry of Housing, Communities and Local Government

COVID-19: Local government finance

Introduction from the Committee

Local authorities in England have played a vital role during the COVID-19 pandemic: paying grants to businesses, providing support to vulnerable people who are shielding, setting up community testing facilities and taking on the most challenging contact tracing, all the while keeping existing services running. Authorities have achieved this while dealing with the impact of the pandemic on their finances, which were already under strain going into the pandemic.

The Ministry of Housing, Communities & Local Government (the department) is responsible for working across government to support HM Treasury to make major decisions about local government funding. The department plays a significant role in distributing that funding. The department is also responsible for the accountability system that assures Parliament about how local authorities use their resources, including preventing and responding to financial and service failure.

The department acted quickly to support local authority finances early in the pandemic, announcing un-ringfenced grants for local authorities of £1.6 billion on 19 March 2020 and £1.6 billion on 18 April 2020. It supported local authority cash flow through measures totalling nearly £6.85 billion in the same months. In total, by early December 2020, the department had provided £4.55 billion in un-ringfenced grants to support local authorities' response to the pandemic, as part of £9.1 billion in COVID-19 funding for local authorities from government announced by that point.

Relevant reports

- NAO report: [Local government finance in the pandemic](#) – Session 2019-21 (HC 1240)
- PAC report: [COVID-19: Local government finance](#) – Session 2021-22 (HC 239)
- Treasury Minute: [August 2021](#) (CP 510)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below.

1: PAC conclusion: The Department was not sufficiently prepared for the local government finance implications of a severe emergency.

1: PAC recommendation: The Department should capture learning from the pandemic and write to us by the end of 2021 setting out how it will use this to prepare a flexible framework for responding quickly to the implications of severe national emergencies for local government.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Ministry of Housing, Communities and Local Government, now known as the Department for Levelling Up, Housing and Communities (the department), [wrote to the](#)

[Committee](#) in February 2022 regarding learning that had been captured from the local government finance response to the pandemic, and how this could be applied to prepare a flexible framework that the department could use to respond quickly in the case of future financial shocks to local government. This included information about how the department gathers data in such an emergency; how it engages with sector; and the suitability of different means of providing financial support. The department's letter included a number of principles for future emergency situations, which are summarised below.

1.3 High-frequency, high-turnaround data collections can produce valuable information with high response rates, even in times of crisis, and planning for the roll out of intensive monitoring should be considered a key step as soon as a financial emergency is considered likely. However, considering the burden this can place on local authorities it should only be considered in extraordinary circumstances.

1.4 The response to future financial emergencies must be informed by intensive engagement and close collaboration with the sector and underpinned by an environment of trust and confidence.

1.5 The department's Local Government Finance Directorate should continue to support other government departments in their engagement with the sector. In particular, awareness of the department's guidance around the design of local government funding schemes should be promoted, and proactive efforts made to engage with those teams who do not typically work closely with local government.

1.6 Local government finance is a complex system, with a variety and diversity of income and expenditure components, and the use of tools to address individual elements of the system should be carefully considered.

2: PAC conclusion: The pandemic has exposed limitations in the data that the Department normally collects from local authorities, meaning it has not had a proper picture of local financial resilience.

2a: PAC recommendation: The Department should draw on the experience of collecting data during the COVID-19 pandemic to improve its regular collections of local government financial data. In particular, it should write to us by October 2021, setting out:

i) what, if any, changes it plans to make to its regular collections based on its experience of data collection and use in the pandemic; and...

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The department [wrote to the Committee](#) on this subject in October 2021, giving further information on the department's review of pre-existing local government finance data collections. This review covered local authority revenue, capital and borrowing statistics, and looked at how well data needs are being met, improvements to data timeliness and data frequency, and lessons learned from the monthly covid monitoring information.

2.3 Recommendations from the review have now been [published on Gov.UK](#)

2.4 Feedback from stakeholders indicated that the Local Government Finance statistics published by the department offer a good foundation for understanding local authority expenditure and borrowing, but improvements could be made to further the extent to which the statistics meet user needs.

2.5 Recommendations from the review have been categorised into six areas to include:

- **Improving the presentation and accessibility of statistics** –improving the format of publications, using data visualisation and improving metadata.
- **Filling data gaps** –publishing more granular breakdowns within existing data tables, as well as publishing information on areas not currently covered by the statistics.
- **Exploring data frequency and data timeliness** – A new working group will be established to look at opportunities for improving in-year revenue expenditure data collection.
- **Exploring alternative methods of data collection** – In particular, the feasibility of automating data collection.
- **Exploring the feasibility of using administrative data sources to supplement survey collection** –the use of known sources, such as HMRC Pay As You Earn (PAYE) data to further understand employee costs and pension schemes, as well as exploratory work to identify additional data sources.
- **Enhancing local authority engagement** –providing further support to those completing data collection forms and providing additional information to local authorities on how the data provided by local authorities are used by central government.

2.6 All proposed changes to data collection are subject to a consultation with local authorities to confirm the clarity of the new data requirements, the practicality of providing the information, and any additional burden. The department plans to consult local authorities on the proposed changes to data collection from May 2022.

2.7 Timings for implementation of the recommendations will be confirmed following the consultation, but broadly the department expects to make approved changes over a three-year period with the earliest changes implemented from 2023.

2b: PAC recommendation: The Department should draw on the experience of collecting data during the COVID-19 pandemic to improve its regular collections of local government financial data. In particular, it should write to us by October 2021, setting out:

ii) how it plans, in consultation with the sector, to improve the usefulness of its data on local authority reserves specifically.

2.8 The government agrees with the Committee’s recommendation.

Recommendation implemented

2.9 The department [wrote to the Committee](#) on this subject in October 2021. The department has gained approval from the Gateway Group (chaired by the Local Government Association) for the intended changes to the local authority revenue expenditure and financing collections.

2.10 The changes require more detailed information from local authorities on the different types of reserves that they hold. These changes are being implemented as part of the relevant upcoming financing collections, namely the revenue outturn 2021-22 and revenue budget 2022-23. In addition to the existing overall “other earmarked financial reserves level” category, councils will be required to report how this reserve breaks down across five categories: contractual commitments; planned future revenue and capital spending; specific risks; budget stabilisation; and other. The accompanying guidance will be amended to support councils to return this data.

2.11 This data will improve the understanding of local authority reserves within government, facilitating evidence-informed decision-making, for instance on the right level of resources to be made available to local government.

2c: PAC recommendation: The Department needs to examine its arrangements, and make changes as necessary, for oversight of financial risk in the sector and ensure that lessons from the financial issues at Croydon Council have been learned. The Department should set out its response when it writes to us by October 2021.

2.12 The government agrees with the Committee's recommendation.

Recommendation implemented

2.13 The department [wrote to the Committee](#) on this subject in October 2021, setting out how it continues to improve its oversight of the sector, including deploying a broader range of models to offer support to councils in difficulty, including rapid reviews and assurance reviews. The letter also set out how the government is strengthening the system of external audit of local government.

2.14 Further to this, In November 2020, the Public Works Loans Board (PWLB) put in place reforms that prevent authorities from accessing lending if they plan to invest primarily for yield. Authorities must submit three-year capital plans outlining their planned capital spend and confirming there are no investments where the primary objective is profit – the department supports Her Majesty's Treasury in implementing the reforms by reviewing the plans. The reforms will prevent authorities using the PWLB to take on debt to pursue commercial investments for profit, rather than objectives of the council.

3: PAC conclusion: Government support schemes during the pandemic were not always designed with sufficient knowledge of local government finance or input from the sector.

3: PAC recommendation: HM Treasury, the Department for Education, the Department of Health & Social Care, the Department for Business, Energy & Industrial Strategy, the Department for Environment, Food & Rural Affairs, and the Department for Digital, Culture, Media & Sport, in co-operation with the Department, should write to us by October 2021 setting how they will improve, and then maintain, their understanding of the operational realities of local government finance and the financial pressures authorities face.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department [wrote to the Committee](#) on this subject in October 2021, following engagement with the other government departments named, to understand what can be done collectively to further improve understanding of the operational realities of and financial pressures on local government. Actions taken by departments and detailed in the letter included: local authority 'virtual visits' undertaken by Her Majesty's Treasury; improvements to data collection and the guidance provided for these to local authorities by the Department for Education; the implementation of strengthened regional assurance teams by the Department for Health and Social Care; new dedicated local authority engagement teams created by the Department for Business, Energy and Industrial Strategy; and a range of work with the Local Government Association, including the sharing of expertise and a number of 'deep dive sessions', by the Department for Digital, Culture, Media and Sport. The department has continued to engage with local government extensively, including in the development of the Spending Review bid and through the New Burdens process.

4: PAC conclusion: The Department has not fulfilled previous assurances that it will be transparent about financial risk in the sector by sharing information with the National Audit Office.

4: PAC recommendation: In discussion with the National Audit Office, within three months the Department should find a way to share information relevant to financial risk in the sector, including about individual local authorities, while indicating on what basis it can or cannot be shared further.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 As detailed in previous updates, the department will continue to engage with the NAO as needed on how to meet their needs in this regard, in line with their legitimate statutory interest and responsibilities in these matters.

5: PAC conclusion: The Department's over-optimism about the impact of the pandemic on local authorities' risk leading to reductions in services for local people.

5a: PAC recommendation: The Department, working with other government departments, should ensure that decision-making about actions to stabilise local government finance is informed by sufficient information about the service implications of current financial pressures.

5b: PAC recommendation: The Department and HM Treasury should ensure that their work for the next Spending Review includes full consideration of the longer-term effects of the pandemic on local government finance and the demands placed on local authorities

5.1 The government agrees with both the Committee's recommendations.

Recommendation implemented

5.2 Further to previous updates, the department continues to use close assessment of monitoring information from local authorities, and full consideration of their financial situation, to inform work for the Spending Review, which was concluded in Autumn 2021. Linked to this, the department continues to drive transparency and enable greater accountability. The Levelling Up White Paper announced a new independent data body to collect data and assess performance of the local government sector. The new data body will focus on improving the transparency of siloed and disparate data collection to enhance the government's understanding of place-based leadership, quality of local service delivery and organisational efficacy. It will therefore be an authoritative source of information to help government, local leaders and the citizen to fully understand local government performance.

6: PAC conclusion: The Department has yet to address the longstanding structural issues within local government finance.

6a: PAC recommendation: The Department should write to us by October 2021 setting out its plans to ensure that:

i) local government finance is reconsidered from first principles, reformed in a measured fashion working with the sector, and ultimately new arrangements put in place that are fit for purpose and built to last; and

ii) a stable funding environment, ideally based on a multi-year settlement, is established as a bridging mechanism while more fundamental long-term reforms are designed.

6.1 The government agrees with both the Committee's recommendations.

Recommendations implemented

6.2 The department has [written to the Committee](#) – most recently on this topic in February 2022 - following the conclusion of a multi-year Spending Review in Autumn 2021 and the provisional Local Government Finance Settlement in December 2021.

6.3 Regarding longer term reforms, the government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The government will work closely with local partners and take stock of the challenges and opportunities they face, before consulting on any potential funding reform.

7: PAC conclusion: It is unacceptable that local authorities continue to face uncertainty about the level of financial support they can expect from government on top of the other pressures and uncertainty with which they are currently required to cope.

7: PAC recommendation: HM Treasury, working with the Department and other departments as necessary, should explore ways that the government can give local authorities more financial certainty as they develop their 2022–23 spending plans and write to us with conclusions by June 2021.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 In line with previous updates, including [HM Treasury's letter to the Committee](#) of June 2021, following the 2021 Spending Review, the department provided further details of the proposed allocation of resources to each local authority through the provisional Local Government Finance Settlement (LGFS). The LGFS was timed to ensure that all local authorities are able to confirm their budgets ahead of the start of the 2022-23 financial year.

Fifth Report of Session 2021-22

Department for Digital, Culture, Media and Sport

COVID-19: Government Support for Charities

Introduction from the Committee

In April 2020, as part of its response to the COVID-19 pandemic, government announced a £750 million financial support package for organisations in the voluntary, community and social enterprise sector, targeted at those providing vital services to the vulnerable. Although government expected tens of thousands of charities to benefit, helping them meet increased demand for some services due to the pandemic, it did not intend to support or save every charity. The Department for Digital, Culture, Media & Sport (the department) was responsible for allocating £513 million of the total available funding, including funds distributed through itself, at least nine other government departments, three other public-sector organisations and 186 other partners. HM Treasury provided up to £200 million directly to the Department for Health & Social Care to purchase bed capacity in charitable hospices and at least £60 million was expected to be provided to the devolved nations.

The department allocated its £513 million across seven different schemes, which were rolled out between April and December 2020. Around £19 million of the £513 million was used to cover administration fees, leaving £494 million available to charities. By 7 April 2021, well over 90% of funds available had been paid out, with a further £14 million awarded to charities but not yet paid out to them. Across the seven schemes the department had allocated and paid out the following amounts:

1. the Coronavirus Community Support Fund (CCSF) via The National Lottery Community Fund (TNLCF) (£188 million paid out of £199 million allocated);
2. 21 sector-specific projects across nine government departments including the Home Office, Department for Education and the Ministry of Justice (£159 million paid out of £164 million);
3. the Community Match Challenge scheme (£82 million paid out of £85 million);
4. the National Emergencies Trust, BBC Children in Need, and Comic Relief to match donations raised through the BBC Big Night In fundraising event (£34 million paid out of £37 million);
5. the Youth COVID-19 Support Fund (£3 million paid out of £17 million);
6. the Loneliness Fund (£5 million paid out £8 million); and
7. the Voluntary and Community Sector Emergencies Partnership (£4 million paid out of £5 million).

Relevant reports

- NAO report: [Investigation into government funding to charities during the COVID-19 pandemic](#) Session 2019-21 (HC 1236)
- PAC report: [COVID-19: Government Support for Charities](#) Session 2021-22 (HC 250)
- [Treasury Minutes](#): August 2021 (CP 510)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 549 above), the remaining recommendation is updated below.

4: PAC conclusion: The Department cannot demonstrate how its funding decisions have benefited charities and will not be able to do so until it completes its evaluation of the funding at the end of 2021.

4: PAC recommendation: The Department should, within three months, write to us to explain the criteria it will use to assess the impact of the funding. It should, by the end of December 2021, write to us with the outcome of the evaluation, ensuring this exercise represents charities that did not receive funding as well as those that did.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The evaluation of the COVID-19 funding package for the Voluntary, Community and Social Enterprise (VCSE) sector [was published on 28 April 2022](#). This delay was due to the reasons outlined in the department's [letter to the Committee, dated 31 January 2022](#). This report specifically evaluates the seven schemes outlined in the above introduction and the Hospices funding stream. It excludes funding allocated to the devolved administrations.

4.3 The department allocated £514 million to the various funding streams with £492 million being disseminated to charities. The final allocation to the seven funding streams, (as of June 2021), is as follows:

- Coronavirus Community Support Fund (CCSF) - (£187 million paid out of £199 million allocated)
- Other Government Departments - (£163 million paid out of £164 million allocated)
- Community Match Challenge scheme (£81 million paid out of £85 million);
- BBC Big Night In fundraising event (£35 million paid out of £37 million);
- Youth COVID-19 Support Fund (£14 million paid out of £17 million);
- Loneliness Fund (£8 million paid out); and
- Voluntary and Community Sector Emergencies Partnership (£4 million paid out of £5 million).

4.4 The department [wrote to the Committee on 28 April 2022](#) detailing the outcome, key findings and lessons learnt from the evaluation.

4.5 The report concluded that largely, the funding package met its key objectives and aims with over 14,000 organisations receiving funding and an estimated 21.5 million service users reached.

4.6 Analysis of Companies House data conducted specifically for the Coronavirus Community Support Fund evaluation (CCSF) did find that closure rates between July 2020 and July 2021 stood at 1.5% for successful CCSF applicants, compared to 2.8% for unsuccessful applicants. The CCSF grant holder survey found that nearly one in five (17%) of respondents believed that they would have had to close or stop services without CCSF support.

Sixth Report of Session 2021–22

HM Treasury

Public Sector Pensions

Introduction from the Committee

Around 25% of pensioners and 16% of the working-age population are members of one of the four largest public service pension schemes (the armed forces, civil service, NHS and teachers' pension schemes). In 2019–20 the four schemes made pension payments of £33.5 billion—funded through around £8.2 billion of employee contributions and around £25.4 billion of taxpayer funding—with scheme members on average receiving around £10,000. HM Treasury has been concerned for some time about the rising cost of public service pensions to the taxpayer and it introduced reforms between 2011 and 2015 aimed at making them more sustainable and affordable. As a result of those reforms, the most recent forecasts show that costs are expected to fall over the long-term from 2.0% of GDP in 2019–20, to around 1.5% of GDP from 2064–65. In December 2018 the Court of Appeal ruled that parts of the reforms were unlawful (the 'McCloud judgment') – as the special protections offered to those closest to retirement were found to be discriminatory on the basis of age.

Relevant reports

- NAO report: [Public Service Pensions](#) – Session 2019-21 (HC 1242)
- PAC report: [Public Sector Pensions](#) – Session 2021-22 (HC 289)
- [Treasury Minute: August 2021](#) (CP 510)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below:

3: PAC conclusion: HM Treasury has not done enough to ensure people understand the value of their pensions.

3: PAC recommendation: HM Treasury should lead from the centre, and seek to understand members' views regarding their pensions, including the reasons why people may opt out of a scheme and whether this has a long-term impact on other parts of public services and expenditure. It should undertake a review into the take-up and retention of public pensions, particularly amongst young professionals, to help understand the issues employers face when trying to demonstrate the value of pensions. Such a review should identify areas where communication is working well and recommend best practice for employers.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 HM Treasury has recently worked with government departments to analyse member participation and opt out rate data across Public Service Pension (PSP) schemes. It has also reviewed communications activities carried out to enhance member engagement and understanding. While this report provides an update on data held and member engagement across the largest PSPs, there is further follow-up required from some remaining schemes.

3.3 HM Treasury has seen that overall member participation in PSPs remains high, including when compared to private sector schemes e.g., the Civil Service Pension Scheme (CSPS) recorded an existing member opt out rate of 4703 in 2020 from a workforce of 484,880, which represents less than 1% of the overall workforce. The results show opt outs are higher amongst lower earners, who are less likely to prioritise pensions savings, and also amongst higher earners, who are affected by pension tax. However, some schemes have seen that a majority of early optants out who are auto-enrolled back at a later stage of their career often then remain in the scheme.

3.4 HM Treasury found that participation statistics are monitored to varying degrees across departments and are broken down by differing categories, which can result in challenges in identifying trends. To address this, HMT will (a) work with departments to improve data standardisation through sharing practice, (b) implement a system in which data is shared routinely, so comparisons can be drawn to recognise patterns.

3.5 The analysis highlighted that many schemes circulate communications to explain benefits to members through a variety of measures including, videos and newsletters. This is then monitored through assessing engagement statistics, e.g., during 'Pensions Week', the CSPS hosted live streams which were attended by 26,000 members.

3.6 To continue to improve member understanding, HM Treasury will work with departments to establish a repository of best practice measures in communications and will continue to meet with schemes to drive forward member engagement and explore possible strategies for communication and consistent data collecting/sharing across PSPs.

5: PAC conclusion: HM Treasury has had to revisit key elements of the reforms, and these issues may take decades to resolve fully.

5: PAC recommendation: HM Treasury must prioritise work to quickly resolve the challenges presented by the McCloud judgment and cost control mechanism, in order to give certainty to scheme members and employers, and rebuild the trust lost through these issues. The Department should write to us with an update in six months' time.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 In February 2022, HM Treasury [wrote to the Committee](#) with an update on the work the department has been doing to resolve the challenges presented by the McCloud judgment and cost control mechanism.

5.3 Since that update, the Bill designed to remedy the discrimination has received Royal Assent and is now the [Public Service Pensions and Judicial Offices Act 2022](#). Changes to scheme regulations have been made via secondary legislation to implement the prospective remedy, meaning all active members of the main public service pension schemes are now members of the reformed schemes. Work to implement the retrospective remedy, which for the main unfunded public service pension schemes involves offering all eligible members a choice between legacy and reformed scheme benefits in respect of any pensionable service between 1 April 2015 and 31 March 2022, is ongoing.

5.4 The Public Service Pensions and Judicial Offices Act 2022 also sets the legislative framework for two of the government's three reforms to the cost control mechanism, namely the reformed scheme only design and economic check. The third reform to the cost control mechanism, the widening of the cost corridor, will be implemented through secondary legislation in due course.

6: PAC conclusion: HM Treasury has not yet performed an evaluation of its reforms and we are not convinced it is on track to meet its objectives.

6: PAC recommendation: HM Treasury should perform an interim evaluation of its 2011–2015 reforms to ensure it is on track to meet each of its objectives, taking account of whether pensions are working for employers, employees and other taxpayers. It should write to the Committee with an update of this evaluation by the end of the year.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 In December 2021, HM Treasury [wrote to the Committee](#) with an assessment of how it is meeting its objectives for public service pensions.

6.3 HM Treasury is confident public service pension schemes continue to offer excellent benefits to members and this should support their role in recruitment and retention. HM Treasury is also confident that the reforms have made the system more affordable.

6.4 The government is committed to ensuring public servants are rewarded at the end of their careers and schemes are sustainable and affordable in the future. HM Treasury will continue to monitor the public service pension system and, where appropriate, address any issues that arise in the future.

Seventh Report of Session 2021-22

Department of Health and Social Care and Department for Levelling Up, Housing and Communities

Adult Social Care Markets

Introduction from the Committee

Adult social care includes social work, personal care and practical support for adults with a physical disability, a learning disability, or physical or mental illness, as well as support for their carers. Family or friends provide most care unpaid. The Department of Health and Social Care (the Department) is responsible for setting national policy and the legal framework. The Ministry of Housing, Communities and Local Government (the Ministry [and now the Department for Levelling Up, Housing and Communities]) oversees the distribution of funding to local government and the financial framework within which local authorities operate. In 2019–20, local authorities commissioned care for 839,000 adults; spending a net £16.5 billion on care, 4% less in real terms than in 2010–11. They commission most care from independent providers. The Care Quality Commission (CQC) regulates providers for quality and also oversees the financial resilience of large providers. Many people arrange and pay for their care privately. If current (pre-COVID-19) patterns of care and current funding systems continue, the Department projects there will be a 29% increase in the number of adults aged 18 to 64 and a 57% increase in the number of adults aged 65 and over requiring care by 2038 compared with 2018.

Relevant reports

- NAO report: [The Adult social care market in England](#) – Session 2019-21 (HC 1244)
- PAC report: [Adult Social Care Markets](#) – Session 2021-22 (HC 252)
- [Treasury Minute Progress Report](#): November 2021 (CP 549)

Update to the Government responses to the Committee

Following the government's last response to the Committee on this report: (CP 549 above), the remaining recommendations are updated below:

2: PAC conclusion: Despite years of promising social care reforms to address longstanding issues, the Department of Health and Social Care has still not put in place a reform plan.

2: PAC recommendation: The Department of Health and Social Care must set out by the end of 2021 a comprehensive, cross-government reform plan for care; with as much focus on support for carers and supporting people at home as on older adults and care homes.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 In September 2021, the government announced £5.4 billion of additional investment over three years for adult social care. Then, in December 2021, the government published [People at the heart of care: adult social care reform white paper](#) which set out an ambitious 10-year vision for adult social care.

2.3 This vision aims to ensure that people have the choice, control, and support they need to live independent lives; can access outstanding quality care; and find adult social care fair and accessible.

2.4 The government recognises that the majority of people want to live in their own homes wherever possible. To support this, there will be £300 million in investment to integrate housing into local health and care strategies. Up to £30 million will also support local areas to innovate around the support and care they provide, with the aim of increasing the variety of support options.

2.5 Carers play a vital role in their communities, and they are owed a debt of gratitude. The government cannot achieve its vision without supporting unpaid carers, as well as the adult social care workforce. The government is committed to investing up to £25 million to work with the sector to kick start a change in the services provided to support unpaid carers.

3: PAC conclusion: Care provision has suffered from a lack of long-term funding.

3: PAC recommendation: Alongside care reforms the Department of Health and Social Care should publish a multi-year funding settlement by the end of 2021.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 On 7 September 2021 the government announced a multi-year funding settlement for adult social care worth £5.4 billion over 2022-23 to 2024-25. As mentioned above, this funding settlement includes over £3.6 billion to reform the social care charging system and enable all local authorities to move towards paying providers a fair rate for care, and over £1.7 billion to begin major improvements across the social care system in England.

3.3 Spending Review (SR) 2021 also confirmed a multi-year funding settlement for local government that will provide councils with £1.6 billion of new funding each year of the SR period (2022-23 to 2024-25) for social care and other services. Councils will also have access to an additional £1.7 billion over the SR period (2022-23 to 2024-25) through the ability to increase the adult social care precept by 1% per year. The Local Government Finance Settlement confirmed that, in 2022-23, local authorities can make use of over £1 billion of additional resource specifically for social care.

3.4 This funding will allow councils to increase their spending on the vital public services they provide, such as adult social care, and will ensure those services can respond effectively to rising demand and cost pressures. It will also support the delivery of the government's £5.4 billion adult social care reform programme.

4: PAC conclusion: Three years after promising to produce one, the Department of Health and Social Care still has no workforce strategy or plans to align the care and NHS workforces.

4: PAC recommendation: Alongside care reforms, the Department of Health and Social Care should set out by end 2021 a national strategy for the care workforce which sits alongside the NHS People Plan; identifying skills, training and development across health and care.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 In December 2021, the government published its strategy for the adult social care workforce in [People at the heart of care: adult social care reform white paper](#). This strategy is backed up by a historic investment of at least £500 million for new measures over three years to support and develop the workforce, including hundreds of thousands of training places and certifications for care workers, professional development for the regulated workforce and new psychological interventions to support wellbeing.

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

4.4 Furthermore, [Health and Social Care Integration: joining up care for people, places and populations](#), published in February 2022, sets out the government's longer-term plan to enable workforce integration. The government will work with national and local partners to identify opportunities to remove barriers to collaborative planning and working, to create joint career pathways, and joint learning and training opportunities.

4.5 The department has also commissioned Health Education England (HEE) to work with partners to produce a long-term strategic framework for health and regulated social care workforce planning. The framework will also include regulated professionals working in social care, such as nurses, social workers, and occupational therapists. This work will look at the key drivers of workforce supply and demand and will inform the direction of the health and care system over the next 15 years.

5: PAC conclusion: The Department of Health and Social Care has had poor oversight over local authorities' provision of care and appears complacent about the risks of local market failure.

5: PAC recommendation: Alongside the proposed Health and Care Bill, the Department of Health and Social Care should set out how it will support Care Quality Commission and local government to carry out their new duties; and ensure there is better readiness for local market failure.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2024

5.2 The Health and Care Bill will create a new duty for the Care Quality Commission (CQC) to assess local authorities' performance in delivery of their adult social care duties in the Care Act 2014. The CQC is well placed to undertake this role due to its experience as an independent regulator of health and social care.

5.3 The department has been working closely with the CQC, other government departments, the Local Government Association (LGA) and the Association of Directors of Adult Social Services (ADASS) to develop the new assessment process. The new role for the CQC forms part of a wider package of measures including improving data and a strengthened improvement offer for local authorities that will allow the government to understand how local areas are achieving the vision for reform, identify strong performance and spread best practice.

5.4 The department commissioned LGA and ADASS to support local authorities into 2022-23 with their market-shaping and contingency-planning responsibilities. The department's Adult Social Care Regional Assurance Team will complement this by

strengthening communications, intelligence and understanding of risk between the department and local authorities.

5.5 In addition to the CQC's Market Oversight Scheme, which monitors the financial health of the largest and most difficult-to-replace adult social care providers, the department continues to pursue additional means of improving contingency planning to cover a wide range of eventualities, including local market failure.

6: PAC conclusion: Neither local authorities nor people paying for care have access to clear information on what they get for their money.

6a: PAC recommendation: From April 2022, all providers should give clear and comparable information over fee levels.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2023

6.2 Although the government agrees with the Committee's recommendation, it disagrees with the proposed implementation date. The department is committed to improving transparency of information and is currently considering options for doing so. Options under consideration would take longer than April 2022 to deliver.

6.3 In response to the Competition and Markets Authority's '[Care homes Market study, final report](#)', the government agreed that there is a need to support those entering care to make informed decisions, ensure that those in care are sufficiently empowered, and to protect care home residents and families from unfair practices.

6.4 On 1 December 2021 the government published the White Paper [People at the Heart of Care: adult social care reform](#). This made clear that the government is committed to providing people with the basic information they need to compare providers. It also committed to considering a new requirement for CQC registered adult social care providers to be more transparent about their fees to help people make informed decisions. Some providers already do this but, in order to allow people to easily compare and choose services, it needs to be universal.

6.5 A new requirement on fee transparency would be a legislative change and would need the appropriate legislative vehicle to be identified. As a first step, the department is considering changing the Care Quality Commission (Registration) Regulations 2009 to require fee transparency for adult social care providers. A review of the 2009 Registration and 2014 Regulated Activities Regulations more widely are under consideration but will need to await a post implementation review to be completed first, which is due to be published in the autumn.

Eighth Report of Session 2021-22

Department for Digital, Culture, Media, and Sport

COVID 19: Culture Recovery Fund

Introduction from the Committee

The COVID-19 pandemic hit the arts, culture and heritage sectors hard. Museums, galleries, cinemas, music venues, nightclubs, theatres, arts centres and heritage sites closed their doors to visitors on 23 March 2020 when the UK entered the first national lockdown. Many organisations in the sector remained entirely or mostly closed for a year. Without targeted support, the Department for Digital, Culture, Media and Sport (the Department) expected large-scale financial failures arising from the pandemic during 2020–21, with many organisations likely to close permanently if support was not available by September 2020. In July 2020 the Culture Secretary announced a £1.57 billion package, the Culture Recovery Fund, to help the UK’s cultural, arts and heritage institutions survive the pandemic, supporting their long-term sustainability. The fund’s primary objective is to rescue cultural and heritage organisations at risk of financial failure in the financial year 2020–21 due to COVID-19. The Department is accountable for this fund.

Relevant reports

- NAO report: [Investigation into the Culture Recovery Fund](#) – Session 2019-21 (HC 1241)
- PAC report: [COVID 19: Culture Recovery Fund](#) – Session 2021-22 (HC 340)
- [Treasury Minutes](#): September 2021 (CP 520)

Update to the Government response to the Committee

Following the government’s last response to the Committee on this report (CP 520 above), the remaining recommendations are updated below.

1: PAC conclusion: The Department’s biggest ever single investment in the arts and culture sector will require skilled oversight and management for years to come.

1: PAC recommendation: The Department should write to us within three months setting out its plans for overseeing the capability and skills in its arm’s-length bodies given their ongoing role in monitoring the Culture Recovery Fund.

1.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

1.2 The Department for Digital, Media and Sport (DCMS) wrote to the Committee on this matter on [30 September 2021](#).

2: PAC conclusion: We are concerned about the Department’s and Arts Council England’s ability to manage the significant and ongoing loan book commitments created by the Culture Recovery Fund.

2: PAC recommendation: In its Treasury Minute response, the Department should set out how it will make sure it has the resources in place to take on the new responsibilities for managing loans, and how it has drawn on learning from across government about managing the operation and future risks of its loan book commitments, including risks of organisations defaulting.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 DCMS wrote to the Committee on this matter on [17 December 2021](#).

4: PAC conclusion: The Department lacks a comprehensive understanding of the coverage and impact of its funding on parts of the sector which found themselves without funds.

4: PAC recommendation: The Department should write to us within three months setting out what it intends to do to support those that were under-represented in terms of the funding they received from the Culture Recovery Fund such as freelancers and festivals.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 DCMS wrote to the Committee on this matter on [30 September 2021](#). As set out in the letter, the government does not agree that it lacks an understanding of the coverage or impact of its funding, nor does the government agree that it has not supported the sectors identified.

5: PAC conclusion: It remains to be seen whether the Department has achieved its objectives for the Culture Recovery Fund and secured longer-term value for money.

5b: PAC recommendation: The Department should set out:

- **once its evaluation is complete, what it will do to apply lessons to achieve value for money from its Culture Recovery Fund spending for the whole sector including subsectors that may have been missed.**

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2022

Original target implementation date: Spring 2022

5.2 In parallel to the publication of the evaluation of the Culture Recovery Fund, DCMS will write to the Committee in Summer 2022 setting out lessons learnt from the process. DCMS has written to the Committee about the revision to the target implementation date.

6: PAC conclusion: The taxpayer's investment in the sector, and the Department's future role in overseeing it, present a huge opportunity for the Department to step up its support and advocacy for the sector.

6a: PAC recommendation: The Permanent Secretary should write to us by the end of 2021 setting out:

- ***what she sees as the key challenges facing the sector following the Department's Culture Recovery Fund investment.***

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 As requested, DCMS wrote to the Committee on [17 December 2021](#).

6b: PAC recommendation: The Permanent Secretary should write to us by the end of 2021 setting out:

- ***what opportunities the fund has offered for the Department to be a better advocate for the vibrancy of the creative arts and culture sector in all parts of the country; and***

6.3 The government agrees with the Committee's recommendation.

Recommendation implemented

6.4 As requested, DCMS wrote to the Committee on [17 December 2021](#). As set out in the letter, the government considers that DCMS is already a good advocate for the vibrancy of the creative arts and culture sector in all parts of the country. The Here for Culture campaign, and the Rediscover Summer campaign represent strong examples of this role.

6c: PAC recommendation: The Permanent Secretary should write to us by the end of 2021 setting out:

- ***how the Department will realise future cultural and economic impacts, including for export, from its investment.***

6.5 The government agrees with the Committee's recommendation.

Recommendation implemented

6.6 As requested, DCMS wrote to the Committee on [17 December 2021](#).

Ninth Report of Session 2021-22

Cabinet Office and HM Treasury

Fraud and Error

Introduction from the Committee

Fraud is estimated to account for 40% of all crime committed across the UK. Fraud and error in public spending are estimated to cost the taxpayer up to £51.8 billion every year, around £25 billion of which is outside the tax and benefits system. Each Department is responsible for managing its own risks of fraud and error leading to varying approaches depending on their understanding of the risks and the importance given to them. In 2018 Cabinet Office established a Government Counter Fraud Function which works to increase the understanding of fraud risks and threats to government by instilling professional standards and bringing together the 16,000 counter fraud professionals across the public sector. HM Treasury is responsible for setting out the counter fraud requirements for government departments and approving policy spend.

Government introduced many vital support schemes in response to the COVID-19 pandemic, with BEIS, DWP and HMRC responsible for some of the schemes identified as having the highest risk of fraud or error. Between April 2020 and March 2021, fraud within Universal Credit rose to an all-time high of 14.5% and BEIS estimates between 35% and 60% of loans issued through the Bounce Back Loan Scheme may not be repaid.

Relevant reports

- NAO report: [Good practice guidance: Fraud and error](#) – Session 2021-22 (HC 253)
- PAC report: [Fraud and Error](#) – Session 2021-22 (HC 253) Cabinet Office
- [Treasury Minute](#) – September 2021 (CP 520)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 520 above), the remaining recommendations are updated below:

1: PAC conclusion: The taxpayer is expected to lose billions of pounds from the increased risk of fraud and error in the Government's COVID-19 schemes.

1: PAC recommendation: HM Treasury and Cabinet Office should, within 3 months, set out:

- **how they will ensure that departments are implementing a zero-tolerance of fraud and error following the pandemic; and**
- **how they will ensure departments apply the same level of innovation when tackling the increased risk of fraud and error as they did when implementing the COVID-19 response schemes.**

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Government Counter Fraud Function (GCFF) centre [wrote to the Committee](#) in December 2021 highlighting areas of leading practice and the actions it is taking to encourage innovation.

2: PAC conclusion: Government's focus on the long-standing fraud and error risks it understands, risks large amounts of fraud and error being unidentified or untackled elsewhere.

2: PAC recommendation: HM Treasury and Cabinet Office should, within six months, work with all Departments to build on the existing Global Fraud Risk Assessment and identify and publish all the fraud and error risks to public money across government and commit to updating this publication annually.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Government Counter Fraud Function (GCFF) centre [wrote to the committee](#) in March 2022 setting out progress on the Global Fraud Risk Assessment (GFRA).

2.3 The GCFF continued to build on the GFRA in 2021-22, collaborating with departmental counter fraud functional leads and the Government Finance Leaders Group (GFLG) throughout. The GFRA was presented to the GFLG in March 2022.

2.4 A summary of the GFRA, which shows the highest risk schemes (not specific risks, as information will not be published that could increase threat by showing how a fraud could be executed) will be published in the GCFF's 2022 Fraud Landscape Report. This is due to be published by summer 2022.

3: PAC conclusion: Departments' lack of urgency to robustly measure fraud and error hinders their ability to direct their counter fraud and error efforts.

3a: PAC recommendation: HM Treasury should, within three months, strengthen current reporting requirements and ensure that all departments measure and report on the risks of fraud and error within each of their COVID-19 support schemes.

This should include:

- ***The estimated value of fraud and error within their COVID-19 response;***
- ***How identified risks of fraud and error are being addressed, and***
- ***Any planned action to recover taxpayer money lost to fraud and error, including timescales.***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 In response to the Committee's [Fraud and Error report](#), HM Treasury introduced additional reporting requirements for the 2020-21 Annual Reports and Accounts (ARA). Departments must make an evidence-based estimate of the level of fraud and error in the COVID-19 support schemes that they administer and explain how these risks are being managed. Departments are required to disclose details of material fraud, evasion and error in their ARAs for receipts and payments recorded in their Trust Statement. Where relevant, departments must also report on the level of debt in their COVID-19 support schemes.

3.3 The General Public Service Ministerial Implementation Group agreed that departments would implement action plans to identify irregular spending in COVID-19 schemes and measure losses in the highest risk schemes.

3.4 Some departments have produced estimates of likely loss levels; however, the quality of these estimates is varied. There is more work to do to complete testing and improve the accuracy of these estimates.

3.5 The Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC) have published initial results of their activity to measure fraud and error levels in Universal Credit, the Job Retention Scheme, Eat Out to Help Out and the Self-Employed Income Support Scheme, these will be updated further in summer 2022.

3.6 The ministerial board agreed that other departments should measure losses on schemes rated as high risk by the GCFF's Global Fraud Risk Assessment. Twenty-eight schemes were rated as high risk and testing has been completed on 11 of these. GCFF's panel of cross sector measurement experts are undertaking reviews on a number of these against the government standard.

3.7 By autumn 2022 the new Public Sector Fraud Authority (PSFA) will produce a report for the Government Efficiency and Value for Money Committee into detected and estimated loss totals in COVID-19 schemes and summarise plans for recoveries. This report will provide a more comprehensive review than the GCFF's Fraud Landscape Report, which will be published in Summer 2022 and feature a summary of detected and estimated losses for 2020-21.

3b: PAC recommendation: BEIS should write to the Committee within 3 months setting out how they will measure fraud and error in all their COVID-19 schemes and build prompt measuring of fraud and error into their future programmes from the outset.

3.8 The government agrees with the Committee's recommendation.

Recommendation implemented

3.9 As requested by the Committee, BEIS [wrote to the Committee on 7 December 2021](#), setting out its approach to measuring fraud and error for current and future schemes.

3c: PAC recommendation: HMRC should write to the Committee within 3 months setting out how they will measure fraud and error in all their COVID-19 schemes and build prompt measuring of fraud and error into their future programmes from the outset.

3.10 The government agrees with the Committee's recommendation.

Recommendation implemented

3.11 Following [publication of a letter](#) to the Committee in September 2021, HM Revenue and Customs (HMRC) has implemented this recommendation.

3.12 HMRC published provisional estimates for financial year 2020-21 for each scheme in its annual report and accounts in November 2021, based on the best the data available at the time. An accompanying technical document was also published detailing the methodological approach to measurement. Assessing the error and fraud levels in COVID-19 support schemes continues to be a major analytical programme for HMRC. HMRC will update these provisional estimates for 2020-21 on receipt of more complete datasets. HMRC will publish those updates and provisional estimates for financial year 2021-22 for the Self-Employment Income Support Scheme (SEISS) and the Coronavirus Job Retention Scheme (CJRS) in its annual report and accounts in July 2022, along with a technical document.

3d: PAC recommendation: DWP should write to the Committee with its targets for reducing fraud and error.

3.13 The government agrees with the Committee's recommendation.

Revised target implementation date: To be confirmed
Original target implementation date: December 2021

3.14 The Department for Work and Pensions (DWP) wrote to the committee in May 2022 setting out its position regarding targets for reducing fraud and error.

4: PAC conclusion: Departments do not make enough use of counter fraud expertise when designing new initiatives to ensure they minimise losses to the taxpayer.

4: PAC recommendation: HM Treasury and Cabinet Office should, within six months, introduce mandatory fraud impact assessments that require formal sign off from the Counter Fraud Function for all Government Major Project Portfolio programmes and for all other schemes that departments identify as having a moderate to high risk of fraud or error. A summary of these assessments should be published.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The Government Counter Fraud Function [wrote to the committee](#) in March 2022 setting out progress on the collaboration with HM Treasury on the development of mandatory fraud impact assessments

4.3 The updates to Managing Public Money and to the Green Book guidance that specify and support the new requirement were published in April 2022. Communications activity to raise awareness of the new requirements is underway.

4.4 Proposals for how HM Treasury spending teams work directly with the new Public Sector Fraud Authority on fraud risk are being developed and more information on this will be published when the Public Sector Fraud Authority launches in July 2022.

5: PAC conclusion: HM Treasury and Cabinet Office do not know whether departments are adequately resourced to tackle fraud and error.

5: PAC recommendation: HM Treasury and Cabinet Office should write to the Committee within three months setting out how they will work with departments to build their counter fraud capacity and ensure that each Department's resourcing is properly aligned with its risk exposure.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Detail on the actions that the Government Counter Fraud Function is taking can be found [in the letter to the Committee](#) in December 2021.

5.3 At the Spring Statement 2022, the government announced the creation of the Public Sector Fraud Authority (PSFA). This new body will work with departments to scrutinise

performance and increase the availability of innovative services and practices for them to utilise.

5.4 The PSFA will use information from the Workforce and Performance Review, a joint project between GCFF and HM Treasury, to inform its approach. The review is mapping counter fraud workforce and capability across central government and selected ALBs, and how these resources link to clear outcomes. The review will conclude in May 2022 and findings will be reported in summer 2022.

5.5 The PSFA will also develop a 'licence to practice' model to ensure people working on counter fraud in the public sector are appropriately trained.

6: PAC conclusion: Gaps in transparency and information sharing between departments is hindering efforts to prevent, detect and correct fraud and error.

6a: PAC recommendation: Cabinet Office should write to the Committee within six months detailing how it has worked with departments to identify and address gaps in real time data sharing.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The Government Counter Fraud Function [wrote to the Committee](#) in December 2021 to highlight the work that is being done across departments to improve the use of data, the progress made and future actions on real time data sharing. It is also working with departments to build capability and to provide increased access to real time data, products and analytics.

6.3 In the Spring Statement 2022, the government committed to expanding data analytics service for departments through the new PSFA. More information on this will be published when it launches in July 2022.

7: PAC conclusion: HMRC, DWP and BEIS are unable to justify the inconsistencies in their approaches to the consequences of fraud and error for different groups of debtors.

7b: PAC recommendation: BEIS should write to the Committee within three months setting out details of steps it will take to assess whether the recovery efforts of banks are reasonable, and the steps it will take to recover taxpayers' money if deficiencies are identified.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 As requested by the Committee, the Department for Business, Energy and Industrial Strategy (BEIS) [wrote to the Committee on 7 December 2021](#), detailing the measures in place across BEIS and the British Business Bank to provide assurance over lenders' recovery processes and address deficiencies where identified.

7.3 The government remains focused on holding lenders to account in relation to their obligations around recoveries. Since BEIS wrote to the Committee in December last year, the British Business Bank has been awarded a further £10.9 million over the next three years to further strengthen its lender.

Tenth Report of Session 2021-22

Department for Transport

Overview of the English rail system

Introduction from the Committee

The rail system in England involves public bodies (including Network Rail), passenger operators under government contract, and private sector bodies. It is regulated by the Office of Rail and Road. The Department for Transport (the department) is responsible for setting the strategic direction for the rail system in England. The arrangements between all those involved in delivering rail services involve complex cash flows and accountabilities. The total expenditure of the rail system in 2019–20 was £17.4 billion, made up of £9.5 billion spent on operating rail passenger services, £7.1 billion spent on operating infrastructure and £0.9 billion spent on operating freight services and High Speed 1 (figures do not sum due to rounding). In 2019–20, total rail sector income was £17.1 billion, of which £5.1 billion was government funding. The remaining £12.0 billion was earned income, the majority (80%) of which was earned through passenger fares.

The disruption to national rail services following the May 2018 timetable change, and the collapse of the East Coast Rail Franchise in the same month, led the government to announce the Williams review to examine substantial concerns from across the industry around the rail system's structural organisation and the delivery of rail services. Those concerns included long-standing issues that have been prevalent in the rail system including: poor passenger service performance, reliability and value for money; fragmentation between bodies in the system and the lack of clear accountability; concerns around cost pressures and financial sustainability; and the ability of the system to respond flexibly to future challenges and opportunities.

To add to these challenges, passenger demand has not continued to increase in the way anticipated by the Department and train operators (plateauing at around 1.35 billion journeys per year since 2015–16). This has contributed to problems with the financial sustainability of those franchises whose finances are dependent on continuing to maintain revenues at levels previously anticipated. In addition, during the COVID-19 pandemic the government told the public to stay at home if they could, and without passenger fare income, government stepped in to pay rail operators to keep services running. In doing so, it took on all risks associated with running the railway. The Department now faces an extremely challenging and uncertain environment in which to implement its proposed reforms.

Relevant reports

- NAO report: [Overview of English Rail System](#) – Session 2021-22 (HC 1373)
- PAC report: [Overview of English Rail System](#) – Session 2021-22- (HC 170)
- [Treasury Minute](#) - September 2021 (CP 520)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 520 above), the remaining recommendations are updated below:

1: PAC conclusion: The Department lacks a convincing and timely plan for encouraging passengers back to the railway as part of COVID-19 recovery and risks an increase in car use.

1a: PAC recommendation: The Department should write to the Committee by December setting out the actions it is taking to encourage passengers back to the railway. This should include:

- **a plan for rail fare reform and flexible ticketing post-pandemic.**

1.1 The government agrees with the Committee's recommendations.

Recommendation implemented

1.2 The government [wrote to the Committee](#) in December 2021.

1.3 The Williams-Shapps Plan for Rail proposes the biggest shake-up of rail in a generation. The government has already made progress on fares reforms, for example, introducing flexible season tickets last year, committing to Pay As You Go in urban areas across the country and launching a trial of single leg pricing on London North Eastern Railway in 2020. Once established, Great British Rail (GBR) will be empowered to build on this progress as the guiding mind for the industry.

1.4 The Department for Transport (DfT) will continue to push forward with fares trials, and GBR will use its leadership role to build on this, simplifying the current mass of complicated fares and tickets, whilst protecting the 'Turn up and go' and season tickets.

1.5 The department will also conduct a 12-month review of the flexible season tickets to evaluate their impact. Analysis also shows that over 200,000 new flexible season tickets have been sold since launch, and the department expects the flexible season ticket review to report in the summer of 2022.

1.6 To support passengers in their return to rail, the government announced the industry-led Great British Rail Sale. This is the first ever nationwide rail sale, offering up to 50 per cent off Advance tickets, including cross-border journeys with Scotland and Wales. As part of the sale, over 1 million discounted tickets were sold, and passengers travelled over 124 million miles during the sale period.

1.7 Additionally, the department has further extended the industry-wide 'book with confidence' guarantee on advance tickets, through to end September 2022. This allows passengers to rebook journeys or receive rail vouchers without an administration fee if plans change.

1b: PAC recommendation: The Department should write to the Committee by December setting out the actions it is taking to encourage passengers back to the railway. This should include:

- **the steps it is taking to integrate across public transport to provide a joined-up transport system for passengers.**

1.8 The government agrees with the Committee's recommendations.

Recommendation implemented

1.9 The government [wrote to the Committee](#) in December 2021.

1.10 The United Kingdom already has a well-developed and integrated public transport system. In 2019, 81 per cent of rail users surveyed travelled to the station by public transport or active travel. In addition, the department is delivering a new package of measures to support the return of passengers following the COVID-19 pandemic.

1.11 The government has set out in the Williams-Shapps Plan for Rail, the Transport Decarbonisation Plan, the Rail Environment Policy Statement, the National Bus Strategy and

the Prime Minister's long-term Walking and Cycling Plan, how it will further integrate public transport for passengers, encouraging more people to travel by rail and use public transport or active travel as part of these journeys. The government's commitments include:

- Improving integration between trains and buses, as set out in England's long-term National Bus Strategy. The government's ambitions include seeing more bus routes serving railway stations and better integration between buses and trains on both timing of services and ticketing. Local Transport Authorities, working closely with bus operators, have now published Bus Service Improvement Plans (BSIPs) setting out how they can grow bus patronage in their areas. At the October 2021 Spending Review, the department announced £1.2 billion of dedicated funding for bus transformation deals, part of £3 billion of new spend on buses over this Parliament. On 4 April 2022 the department announced indicative funding allocations for BSIPs.
- Making it easier to cycle to train stations, store cycles securely at train stations, and bring cycles on train journeys. In 2021-22 this included £2 million funding for cycling facilities at train stations and £1 million for cycling routes to stations.

1c: PAC recommendation: The Department should write to the Committee by December setting out the actions it is taking to encourage passengers back to the railway. This should include:

- **how Network Rail is actively managing rail timetables and services to respond to emerging demand patterns.**

1.12 The government agrees with the Committee's recommendations.

Recommendation implemented

1.13 The government [wrote to the Committee](#) in December 2021.

1.14 A robust business planning process has been fully implemented to support the recovery of the industry from the COVID-19 pandemic. The process requires operators to develop and agree business plans and associated operating budgets with the department that improve financial performance and industry efficiency to improve the quality of passenger service, drive revenue recovery and to minimise the financial support needed from taxpayers.

1.15 The business plans for Financial Year 2022-2023 broadly maintain train service levels at December 2021 levels. These deliver circa 87 per cent of pre-Covid number of train services, which is above current rail passenger levels, as well as protecting key passenger facing and wider socio-economic benefits. Delivery of revenue generative activities has been prioritised, including protecting spend relating to revenue generation by operators.

1.16 The department has agreed these budgets with operators based on expectations of efficiency and how best to meet the emerging customer demand. The department expects operators to drive further efficiency improvements in-year and seek opportunities to improve passenger services within those budgets.

1.17 The government is continuing to provide unprecedented support for the rail industry but expects the rail industry to be as efficient as possible and to run services that are commensurate with the pace of returning demand and revenue.

2: PAC conclusion: In recent years, we have identified serious failings in the rail system, and the Department must now overcome significant long-standing issues to bring about complex reform.

2: PAC recommendation: By December, the Department should write to the Committee setting out clear roles and responsibilities between bodies in the rail system for the delivery of reforms, and a timetable for implementing the system-wide reforms proposed in the Rail white paper.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The government [wrote to the Committee](#) in December 2021.

2.3 The Rail Transformation Programme (RTP) has developed the material that constitutes the mature end-state sector target operating model, which defines how the sector will operate post-reform, and aligns the operations of individual organisations to sector outcomes and clear roles and responsibilities. This is being used by sector organisations in starting to develop their own operating models, but it will require further iteration to reflect the progress of legislation and material developed that can be more easily shared more widely.

2.4 Additionally, RTP has agreed a delivery timetable and roles and responsibilities for delivering the reforms of the Rail White Paper. Activities will be focused on catalysing, and enabling longer-term delivery of, the reform benefits:

- The stand-up of a Great British Railways Transition Team as a separate legal entity (GBRTTCo) and transfer of Rail Delivery Group to GBRTTCo in Spring 2022.
- The legal establishment of Great British Railways following the Transport Bill coming into effect (currently anticipated to be Q2 2024 subject to the legislative programme).

2.5 RTP has agreed a benefits-led roadmap for the programme, setting out the 'Transformation State' milestones for the sector on the path to delivering the reform end state. This will have implications for the priorities and resources of individual RTP projects and organisations across the sector, offering objective evaluation criteria against which progress will be assessed.

3: PAC conclusion: Published information from the Department and the Office of Rail and Road on whole-system costs and revenues is not sufficient to inform proper oversight of the rail system, given the extent of taxpayer exposure.

3a: PAC recommendation: The Department should write to the Committee by December setting out its plans to improve transparency. As a minimum these should include:

- ***the regular publication of 'whole-system' financial data, further developed to assist meaningful oversight.***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The government [wrote to the Committee](#) in December 2021.

3.3 The government recognises the value that greater financial transparency can bring to the industry. Steps have already been taken in this direction – in July 2020 the government began [publishing data](#) on the operational support payments made to operators under the COVID-19 emergency agreements.

3.4 This material has been updated on several occasions since initial publication and extended to include data on management and performance fees payable to operators. There was no equivalent publication under the pre-Covid commercial arrangements.

3.5 Work continues to develop 'whole-system' financial reporting and analysis capability, as part of the implementation of the Williams-Shapps reforms. In the first instance, this information will be used within the sector to improve decision-making. The government will consider options for publishing a version of this material once complete, albeit noting that some commercial and regulatory constraints may apply. Specifically, in certain contexts the release of specific financial information may adversely affect the government's commercial position in negotiations with suppliers. Furthermore, some train operators are subsidiaries of publicly listed companies. As such, certain information about their finances may be market sensitive and thereby subject to constraints on the timing and manner of its release.

3b: PAC recommendation: The Department should write to the Committee by December setting out its plans to improve transparency. As a minimum these should include:

- **regular reporting to Parliament on the progress and implementation of the Rail white paper.**

3.6 The government agrees with the Committee's recommendation.

Recommendation implemented

3.7 The government [wrote to the Committee](#) in December 2021.

3.8 The Rail Transformation Programme is part of the Infrastructure & Projects Authority's (IPA's) Government Major Projects Portfolio (GMPP), whereby the department provides quarterly GMPP reporting to the IPA and Cabinet Office on key aspects of the programme. The Rail Transformation Programme is in scope of the IPA's Annual Report for 2022 Major Projects, which will be published on GOV.UK.

3.9 In addition, ministers will update Parliament in the normal way as the department progress delivery of commitments in the Plan for Rail. The department will also provide Accounting Officer and Senior Responsible Owner reporting on the progress and status of reform implementation to the Transport Select Committee and the Public Accounts Committee when required, supported by the GBRTT Transition Team Lead, reporting on progress of GBRTT implementation and GBR design.

3.10 To this end, the Minister of State for Transport, the Director General of Rail Strategy and Services at the Department for Transport, and the GBRTT Transition Team Lead gave evidence at the Transport Select Committee one-off oral evidence session on Great British Railways on 30 March 2022.

4: PAC conclusion: It is not yet clear that the interim National Rail contracts fairly distribute risks between government and operators, or provide incentives for operators to deliver efficient, high-quality, and value-for-money passenger services.

4: PAC recommendation: The Department should set out in its Treasury Minute response the high-level terms of the new National Rail contracts, where revenue and cost risk will lie, and how it is using these to incentive improved performance, beyond the planned performance-based management fees.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The government [wrote to the Committee](#) in December 2021, as requested.

4.3 The [Treasury Minute](#) set this out, and subsequently there have been published redacted versions of several National Rail Contracts on the Gov.uk website, so additional detailed terms of the contracts can be seen by Committee members and the public.

4.4 Further National Rail Contracts have been awarded since the September 2021 Treasury Minute, with the high-level terms of the newly-awarded contracts (for example, as regards risk allocation and performance incentives) being substantially the same as for previous awards. Seven National Rail Contracts are now in place (South Western, TransPennine Express, c2c, West Midlands, Greater Anglia, Chiltern and TSGN). A further three planned NRC contracts (Great Western, West Coast and East Midlands) are due to be awarded by October 2022. The department has also published a Prior Information Notice outlining its intent to award a further National Rail Contract for TransPennine Express when its current National Rail Contract expires.

5: PAC conclusion: We are disappointed at the lack of progress in agreeing a specific and funded plan for the electrification required to achieve the government's own net zero targets

5: PAC recommendation: In its December letter to the Committee, the Department should set out how it will work with others to deliver the electrification required to meet net zero commitments over the long term, and how it plans to fund a stable programme of investment.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 As the government updated the Committee [via the letter in December 2021](#), it is committed to traction decarbonisation and meeting its net zero commitments. The government knows that electrification will play a key role, but this will be alongside a rolling stock strategy that secures investment in alternative traction technologies – such as hydrogen, battery and bi-modes. Trials such as the Greenford fast-charge battery trial announced in February 2022 will help to develop these technologies.

5.3 The department is already providing the industry with strong and unified leadership across the rail network in relation to future rolling stock and traction technologies. This will be further developed under GBR, which will in the future be responsible for bringing forward costed options to decarbonise the rail network. It will support the development of these options and set out to ensure that they deliver value for money.

6: PAC conclusion: It is not clear to us how Network Rail expects to achieve the remaining efficiencies planned in Control Period 6.

6: PAC recommendation: Network Rail should write to the Committee by December to set out its efficiencies plan for the remainder of Control Period 6, how exactly it plans to achieve the £3 billion of efficiencies remaining, and how the efficiencies process is governed, monitored and incentivised.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 Network Rail [wrote to the Committee](#) in December 2021 detailing how it planned to make efficiencies and an update is provided below.

6.3 Network Rail achieved £840 million of efficiency against its efficiency target of £832 million for 2021-22. Total delivery to date is now £1.94 billion of the £4 billion Control Period 6 target. Network Rail has developed its efficiency plans for future years, building confidence in its ability to deliver the various improvements required. Workforce reform remains key to delivering the efficiencies not just for Control Period 6 but also making sure the railway is affordable going forward.

Eleventh Report of Session 2021-22

Ministry of Housing, Communities and Local Government

Local auditor reporting on local government in England

Introduction from the Committee

In 2019-20, the 487 local authorities, local police and local fire bodies in England were responsible for approximately £100 billion of net revenue spending. Local authorities are responsible for delivering many of the public services which local taxpayers rely on every day. The Local Audit and Accountability Act 2014 (the 2014 Act) set out the local audit arrangements from 1 April 2015 that apply to local authorities. Multiple organisations play a part in the local audit system, including: the Ministry of Housing, Communities & Local Government (the Department); the National Audit Office (NAO); Public Sector Audit Appointments Ltd (PSAA); the accountancy institutes: the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute for Chartered Accountants of England and Wales (ICAEW); the Financial Reporting Council (FRC); and audit firms. The Department has oversight of local authorities and is responsible for maintaining a set of statutory codes and rules for local authorities. The NAO maintains a code of audit practice for audits of local authorities and issues guidance to auditors. PSAA is responsible for securing arrangements for the independent appointment of auditors on behalf of local authorities which opt into its services and for setting audit fees. The external auditors audit the financial statements of local authorities and conclude on whether an authority has made proper arrangements for securing value for money. The FRC monitors and reports on the quality of these audits. The Department for Business, Energy and Industrial Strategy (BEIS) will become the sponsor department for the new Auditing, Reporting and Governance Authority (ARGA), once it is established, but the Department will hold Accounting Officer responsibility for the local government role of ARGA.

Relevant reports

- NAO report: [Timeliness of local auditor reporting on local government in England](#), 2020 – Session 2019-21 (HC 1243)
- PAC report: [Local auditor reporting on local government in England](#) – Session 2021-22 (HC 171)
- Treasury minute: [September 2021](#) (CP 520)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 520 above), the remaining recommendations are updated below.

1: PAC conclusion: *The marked decline in the timeliness of external audit undermines accountability and hampers effective decision-making.*

1: PAC recommendation: *As a matter of urgency, the Department should write to us by September 2021 with a detailed plan and timetable for getting local audit timeliness back on track.*

- 1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Levelling up, Housing and Communities (the department – formerly known as the Ministry of Housing, Communities and Local Government) [wrote to the Committee on 6 October 2021](#) with an update on plans for getting audit timeliness back on track. The department has also committed to work with stakeholders and review the audit deadline following the completion of 2021-22 audits. The department undertook a consultation on broader proposals to strengthen the wider system, including to increase auditor capacity and capability. The department will publish its response in due course.

2: PAC conclusion: There is a pressing risk of market collapse due to an over reliance on a small number of audit firms and significant barriers to entry.

2: PAC recommendation: The Department should write to us by September 2021 explaining what contingencies it has in place should any more audit firms leave the market at the end of their contracts in 2023.

3: PAC conclusion: The commercial attractiveness to audit firms of auditing local authorities has declined.

3: PAC recommendation: The Department should ensure that PSAA's next procurement exercise, due to begin in 2021, supports a new fee regime for local government audit, which is appropriately funded, and which brings fees into line with the costs of the work.

3.1 The government agrees with both the Committee's recommendations.

Recommendation implemented

3.2 The department [wrote to the Committee on 6 October 2021](#), outlining the contingencies in place to support the procurement of the next round of audit contracts. The Public Sector Audit Appointments Ltd (PSAA) have made proposals for ensuring that there is a sufficient range of suppliers including an increased focus on quality in the evaluation methodology to reflect current market expectations, a larger number of lots and so greater flexibility for bidders, as well as a number of initiatives to enable new suppliers to enter the market.

3.3 The department has worked with the Public Sector Audit Appointments Ltd to make sure that the current procurement exercise supports the new fee regime for local government, bringing fees into line with costings with an equal focus upon cost and quality. The department also provided an additional £15 million of funding to the Local Audit sector to counteract the additional auditing costs for 2021-22.

4: PAC conclusion: The rapidly diminishing pool of suitably qualified and experienced staff increases the risks to the timely completion of quality audits.

4: PAC recommendation: The Department should work with the FRC and the accountancy institutions to implement accelerated training and accreditation to increase the supply of qualified auditors quickly, and to build attractive career paths in local audit.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: April 2023
Original target implementation date: end of 2021

4.2 A ready availability of skilled and appropriately trained auditors is crucial to ensuring both the long-term sustainability of the local audit market and good quality, timely audit. As Sir Tony Redmond noted in his review, the local audit market is currently dependent on a few big suppliers and more needs to be done to encourage other firms into the market to support long-term sustainability.

4.3 The department committed in its December 2020 [response](#) to working with the Chartered Institute of Public Finance and Accountancy (CIPFA), the Financial Reporting Council (FRC), the Institute of Chartered Accountants in England (ICAEW) and Wales and other stakeholders on both improving auditor training and reviewing the entry requirements for Key Audit Partners and to strike an appropriate balance between ensuring audit quality and market sustainability. The [public consultation](#) published on 28 July 2021 sets out proposals from a sector led working group for delivering this, including to amend Key Audit Partner guidance to facilitate additional routes. The Financial Reporting Council (FRC) have since consulted on this with a response expected in due course. The department also outlined proposals to develop a new training offer, which aims to assist with the pipeline of future auditors, and new entrants into the market. Alongside this, the Department for Business, Energy and Industrial Strategy (BEIS) is also considering responses to the consultation on its White Paper that includes proposals for increasing competition in the wider audit market.

4.4 The department has been supporting development of the local audit qualification. The department will also be considering whether this should be funded as part of the business case for the proposed Technical Advisory Service (TAS) for Local Audit.

5: PAC conclusion: We are not convinced that the recently announced new local audit arrangements will meet the pressing need for effective system leadership now.

5: PAC recommendation: The Department should write to us by September 2021 and outline:

- ***how it will address the need for strong system leadership now, while ARGA is being set up and established; and***
- ***how it will work with BEIS to set up ARGA, the accountability and governance arrangements, and how its performance will be monitored and evaluated.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department [wrote to the Committee on 6 October 2021](#), setting out how it will work closely with BEIS in setting up ARGA along with establishing and chairing the Liaison Committee, the senior stakeholder forum in the new local audit framework. The Committees have provided a valuable opportunity to ensure alignment of objectives and collaboration on agreed actions. The department has created a website for the Liaison Committee to aid transparency and ensure that members of the public can access key information such as committee minutes and other relevant publications. This is alongside internal governance that the department have established to drive delivery cross-government. The department also meets regularly with the FRC as it continues its journey to transition into ARGA. The department has also been involved in the successful recruitment of the Director of Local Audit at the FRC.

6: PAC conclusion: Unless local authority accounts are useful, relevant and understandable they will not aid accountability.

6: PAC recommendation: The Department should write to us by September 2021 with its detailed plans for agreeing with stakeholders ways to focus local authority accounts and audits on areas of greatest risk and concern to citizens.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The government recognises the importance of having local authority accounts and audits focused on areas of greatest risk and concern to citizens, that are transparent and accessible, while also being mindful of the need to ensure that they inform Whole of Government Accounts requirements.

6.3 The department [wrote to the Committee on 6 October 2021](#), setting out how it is working with CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) on improving the presentation of local authority accounts.

6.4 A key driver of the complexity of Local Authority accounts is that they must comply with both IFRS and statutory accounting principles, effectively presenting two different forms of reporting in one set of accounts which can be confusing to non-specialists. The department is working with CIPFA and LASAAC to identify how the presentation can be clearer and more focussed upon areas of greatest need and risk to citizens. The department's engagement with relevant organisations has also shown that in some cases local authority accounts include information which goes beyond what is necessary. Therefore the department's December 2021 package of measures to improve audit delays recommends that local authorities consider [CIPFA's 2019 guidance on streamlining the accounts](#), which provides practical suggestions on how local authority accounts can strike a better balance between compliance with standards and providing clearer, simpler and more transparent information.

Twelfth 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. The National Audit Office (NAO) has been collecting and publishing information on the government's COVID-19 response measures—the COVID-19 cost tracker—first published in September 2020 and updated in January 2021 and May 2021. The cost tracker presents the range of government measures (categorised by lead department and the nature of the measure), the estimated lifetime cost for implementing the measure, and how much has been spent to date. In May 2021, the cost tracker revealed that the total cost of government's measures was estimated to be £372 billion, with £172 billion reported spent. The total value of loans guaranteed by government was estimated to be £92 billion, and the write-off costs associated with loan schemes was estimated to be £26 billion. The cost tracker does not capture every aspect and consequence of government's actions, which potentially underplays the true cost of the response. 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 government may have to manage for many years and which will have implications for future spending decisions.

Relevant reports

- NAO [COVID-19 cost tracker](#)
- PAC report: COVID-19 cost tracker update – Session 2021-22 (HC 173)
- [Treasury Minute](#) – December 2021 (CP 583)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 583 above), the remaining recommendations are updated below.

1: PAC conclusion: The NAO's COVID-19 cost tracker shows the importance and value of capturing, sharing and presenting timely data on government's actions and costs during a crisis.

1b: PAC recommendation: By the end of the year, the Government should write to us and explain how it will monitor the costs of other large cross-government programmes that would benefit from an approach similar to the cost tracker, for example, the drive to achieve net-zero greenhouse emissions, and the ongoing costs of EU exit.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The government [wrote to the Committee on 23 December 2021](#), detailing the range of spending data it publishes, including the costs of large cross-government programmes, such as those in the Government Major Projects Portfolio managed by the Infrastructure & Projects Authority.

4: PAC conclusion: Achieving value for money from government expenditure during COVID-19 is being compromised by poor quality impact assessments and Accounting Officer assessments.

4a: PAC recommendation: HM Treasury should report back to this Committee by the end of 2021 on its progress improving the quality of impact assessments and Accounting Officer assessments, and its roll out of training on Managing public money, so that proper emphasis on achieving value for money is restored.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The government wrote to the [Committee on 10 December 2021](#), reflecting on lessons learnt in securing value for money during the COVID-19 pandemic, including those in relation to Accounting Officer assessments and Managing Public Money.

Thirteenth Report of Session 2021-22

Cabinet Office, HM Treasury and Department of Health and Social Care

Initial lessons from the government's response to the COVID-19 pandemic

Introduction from the Committee

The scale and nature of the COVID-19 pandemic and the government's response are unprecedented in recent history. By the end of March 2021, the estimated lifetime cost of measures announced as part of the government's response was £372 billion. By 10 June 2021, we had held 20 evidence sessions on various aspects of the government's response to the COVID-19 pandemic. These have included the employment support schemes, the Bounce Back Loan Scheme, NHS Test and Trace, supporting the vulnerable during lockdown, and government procurement and the supply of personal protective equipment.

This report sets out our views on what government can learn from its response to the pandemic and what it should do to ensure that those lessons are applied and improve both its ability to respond to emergencies and its business-as-usual service delivery. This report is the first in a body of evidence that we are developing and which will inform the future independent public inquiry into the government's handling of the COVID-19 pandemic. The public inquiry is expected to start in spring 2022 and may take some years to complete. We are clear that government cannot wait for the review before learning important lessons.

Relevant reports

- NAO report: [Initial learning from the government's response to the COVID-19 pandemic](#) – Session 2021-22 (HC 66)
- PAC report: [Initial lessons from the government's response to the COVID-19 pandemic](#) – Session 2021-22 (HC 175)
- PAC report: COVID-19: [Government procurement and supply of Personal Protective Equipment](#) - Session 2019-21 (HC 928)
- [Treasury Minutes](#): April 2021 (CP 420)
- [Treasury Minutes Progress Report](#): November 2021 (CP 549)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 549) above, the remaining recommendations are updated below.

1: PAC conclusion: We remain seriously concerned by the extent of PPE supply that is not fit for purpose.

1: PAC recommendation: The Department should update us with the following data on a quarterly basis:

- ***the number and cost of PPE items which, during the quarter: have been received; have been cancelled, with all relevant prepayments recovered; have been (received and) quality assured; have been distributed; have failed the initial quality assurance and are not fit for use in medical settings (i.e. 'not fit for intended purpose');*** ***have failed the initial quality assurance and are not fit for any purpose ('exit stock');***

- *the percentage of the total items of PPE ordered in the last complete quarter which were manufactured in the UK;*
- *the number and cost of items of PPE currently held in central/pandemic stocks;*
- *whether there are any types of PPE for which the central stocks do not contain at least 4-months' supply under the Department's current planning assumptions (if yes, describe); and*
- *the weekly cost of storage of the central stocks of PPE (or, if preferred, the total running cost to date of PPE storage).*

1.1 The government agrees with the Committee's recommendation.

Target implementation date: August 2022

1.2 The Department of Health and Social Care (the department) already provides the above information to the Committee on a quarterly basis. The [first return](#) was sent in 2021 and the [second](#) in early March 2022.

1.3 The latest update was in May 2022.

3: PAC conclusion: Government risks undermining public trust and accountability for the pandemic response because of departments' repeated failure to provide a full rationale for key decisions.

3: PAC recommendation: The Department should update us by 31 October 2021 on the number of contracts awarded during the pandemic that are yet to be published.

- *In the longer term the Cabinet Office should ensure that lead departments for each of the main pandemic response programmes publish post-project evaluations in a timely manner. These should provide an evidence-based assessment of each project's impact and the extent to which it met its objectives.*

3.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 The department [wrote to the Committee](#) on 2 November 2021 as directed, on the number of contracts awarded during the COVID-19 pandemic that are yet to be published.

3.3 The Cabinet Office has written to departmental SROs who lead on each of the main pandemic response programmes, setting out the expectation that each department should carry out post-project evaluations within a reasonable timeframe after each project's conclusion and they should include an assessment of the extent to which the projects have met their objectives. Cabinet Office has requested updates from lead departments on when they expect to be in a position to finalise the post-project evaluations.

4: PAC conclusion: A lack of clarity, timeliness and the volume of government communications has, at times, hindered the public's understanding of guidelines and ability to comply with them.

4: PAC recommendation: The Cabinet Office should write to us by 31 October 2021, setting out what lessons it has learnt regarding communicating with the public and stakeholders and what guidelines or procedures it has implemented to minimise issues concerning the volume, clarity and timeliness of communications

4.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 Lessons learnt were continually implemented to inform the campaign. Some examples of this are below:

- All communications have been created as a result of research and feedback sessions with the general public and key stakeholders such as industry leaders, Local Authorities, Directors of Public Health, local MPs etc.
- Simple language ('Stay Home, Protect the NHS Save Lives') and rhyming mnemonics ('Hands, Face, Space') were used to group behaviours into core ideas.
- Communications were tailored to audiences via the use of translations, accessible formats, and direct engagement with community and faith leaders. The campaign also worked alongside local communities and trusted voices to adapt our communications.

6: PAC conclusion: Government needs to do more to support the health and social care workforce, who have been under constant pressure during the pandemic, to ensure its resilience going forward.

6: PAC recommendation: The Department should write to us by 31 October 2021 setting out what it is doing to provide mental health and emotional support to NHS staff, what metrics it is using to track the effectiveness of the measures adopted, and how it is performing against those metrics. It should also write to us by 31 December 2021 to provide an update on the substantive long-term NHS workforce plan to ensure the resilience of the health and social care workforce.

6.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

6.2 The department [wrote to the Committee](#) on the 30 March 2022 to provide an update on long term workforce planning as directed in the recommendation.

6.3 The letter sent to the Committee sets out the substantial programme of work that the department is currently undertaking to help ensure the resilience of the workforce now and in the future. It outlines action taken to support and enhance the NHS workforce, including the delivery of 50,000 more nurses and the expansion of medical school places across England.

6.4 The letter also sets out plans in place to support future development of the workforce, such as through effective Integrated Care System planning, Health Education England's Long-Term Strategic Framework and NHSEI's development of a long-term workforce strategy.

6.5 The letter also detailed that the department had set out its strategy for the adult social care workforce in its recent adult social care White Paper, [People at the Heart of Care](#), which committed investment of at least £500 million to support the care workforce. The investment will result in hundreds of thousands of training places and a Knowledge and Skills Framework, which will set out clear pathways for development within roles, and progression across the sector.

Fourteenth Report of Session 2021-22

The Home Office

Windrush Compensation Scheme

Introduction from the Committee

In the spring of 2018, the department acknowledged serious shortcomings in its treatment of the Windrush generation, who had suffered harm due to the Department's 'hostile environment' policies. These policies required members of the Windrush generation to demonstrate their lawful immigration status to access key public services, housing and jobs. Some struggled to do this even though they were living in the UK legally. The department acknowledged it had treated the Windrush generation unfairly and announced a set of measures to "right the wrongs" experienced by those affected. One of those measures was the Windrush Compensation Scheme. The department launched the scheme in April 2019 with the aim of compensating members of the Windrush generation and their families for the losses and impacts they have suffered as a result of not being able to demonstrate their lawful immigration status.

Relevant reports

- NAO Report: [Investigation into the Windrush Compensation Scheme](#) Session 2021-22 (HC 65)
- PAC report: [Windrush Compensation Scheme](#) – Session 2021-22 (HC 174)
- [Treasury Minute](#) Session 2021 – 2022 (CP 550)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 550 above), the remaining recommendations are updated below:

1: PAC conclusion: People are still waiting far too long to receive compensation from the scheme.

1: PAC recommendation: The Department must, as a matter of urgency, speed up its processing of payments. It should update us immediately after August on its performance to date and its progress against its internal targets.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Home Office (the department) remains focused on speeding up the processing of claims. On 21 July 2021, the department published a redesigned primary claim form which is easier to complete, and refreshed caseworker guidance which sets out clearly how caseworkers should apply the balance of probabilities and gather evidence to ensure claimants are only asked for the minimum information necessary. Together, these should reduce the time taken to process claims and improve peoples' experiences of the scheme.

1.3 The department is in the process of onboarding additional caseworkers, some of which are currently undergoing training or security checks. These additional staff increased the department's casework resource to 120 caseworkers in Spring 2022. The department is directing resources to maximise early decisions and on improving the evidence-gathering process, including revising the data-sharing agreements with other government departments and making third party referrals earlier.

1.4 That said, it remains right that the department ensures peoples' individual experiences and circumstances are understood, so they are offered the maximum compensation to which they are entitled. This holistic approach takes time but is ultimately beneficial to individuals.

1.5 At the end of March 2022, over £47 million had been offered or paid to claimants, with £39.3 million paid out across 1,017 claims. This means that 49% of claims have received a final decision. The department remains focussed on progressing and resolving claims as quickly as possible. A wide range of data on performance is published on Gov.UK and updated on a monthly basis: [Home Office in the media blog - Windrush Compensation Scheme factsheet – April 2022](#)

2: PAC conclusion: The scheme design was too complex and made it difficult for victims to engage with.

2: PAC recommendation: The Department should identify aspects of the claims process which are not working as effectively as they should, for example helping to remove logistical barriers from estate claims, and set out in the Treasury Minute response:

- **what training and other practical steps it will take to equip caseworkers to act effectively and compassionately**
- **the changes it plans to make to simplify, improve and made the scheme demonstrably more efficient**
- **how it will measure if it is achieving its intended outcomes.**

2.1 The department agrees with the Committee's recommendation.

Recommendation implemented

2.2 Prior to the publication of the Committee's report on 27 July 2021 and in response to feedback from stakeholders and affected individuals, the department had launched a package of support for claims on behalf of a relative who has passed away to assist with obtaining the legal documentation required. The department is writing to claimants impacted and has [published information about support available on GOV.UK](#) to make a claim as a representative of an estate. A redesigned and simplified primary claim form was published on 21 July 2021. In addition, refreshed casework guidance now sets out how caseworkers should apply the balance of probabilities and gather evidence ensuring claimants are only asked for the minimum evidence necessary. The department has already seen a significant and sustained improvement in the number of claims determined and the amounts awarded, as set out in para 1.5 above.

2.3 The department is ensuring that caseworkers are equipped to act effectively and compassionately. All staff complete training courses such as 'The Face Behind the Case' and there is a clear focus on its commitment to bring the Home Office values 'Compassion, Collaboration, Courteous and Respectful' to life.

2.4 In addition, the Windrush Compensation Scheme has successfully achieved Operational Excellence Level 1 Accreditation on 12 November 2021 and is currently working towards Level 2.

2.5 The department continues to work collaboratively and pro-actively with a wider cross section of stakeholders to learn from their shared experiences to shape the department's policies and processes. For example, the department have offered visits to its case working operation and members of the Home Office regularly attend the Windrush National Organisation open meeting to answer questions.

Fifteenth Report of Session 2021-22

Department for Work and Pensions

DWP Employment Support

Introduction from the Committee

The Department for Work and Pensions (the Department) has an important role supporting people to prepare for work, move into work, and earn more in work. The main way it does this is through its jobcentres, where work coaches assess individuals' needs and may refer them to a range of specialised employment support programmes.

The Department responded to the anticipated rise in unemployment from the COVID-19 pandemic by increasing support available through Universal Credit with a £20 a week uplift, recruiting an extra 13,500 work coaches, and expanding its range of employment support programmes. The Department plans to increase its spending on employment support programmes from £300 million in 2020–21 to £2.5 billion in 2021–22, and to spend around £5 billion on new or expanded schemes by 2025–26.

Two employment support schemes make up the vast majority of this funding. One is the £1.9 billion Kickstart scheme, which aims to create jobs and provide employability support for young people on Universal Credit who may be at risk of long-term unemployment. Kickstart is due to close for new job placements in December this year. The other is the three-year, £2.9 billion Restart scheme, which aims to help people who are already long-term unemployed into sustained employment.

Relevant reports

- NAO report: [Employment Support](#) – Session 2021-22 (HC 291)
- PAC report: [DWP Employment Support](#) - Session 2021-22 (HC 177)
- Treasury Minute: [November 2021](#) (CP550)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 550 above), the remaining recommendations are updated below.

4: PAC Conclusion: The Department's focus on getting people into any form of employment risks neglecting its wider ambitions around supporting disabled people to work and supporting people on low pay to progress.

4b: PAC Recommendation: The Department must also respond to the recommendations made by the in-work progression Commission to support people in low-pay employment to progress. In doing this, the Department needs to set out how it will tackle the long-term effects of the pandemic on the jobs market, disabled people, and in particular those who suffer from long Covid.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2022

Original target implementation date: March 2022

4.2 The Department for Work and Pensions (the department) is committed to helping workers progress into higher pay and intends to respond to the Commissions' recommendations shortly.

4.3 The Proof of Concept testing in-work support in South Yorkshire concluded in March 2022. This has been valuable in providing insight on how to best support working Universal Credit claimants to progress. The department will continue to gather insight from South Yorkshire District and other sites, as the new national In-Work Progression offer set out in the [Levelling Up White Paper](#) rolls out.

4.4 In the latest Spending Review in October 2021, the government announced £99 million would be allocated to provide around 2.1 million low-paid benefit claimants support to progress into higher-paid work through a staged roll-out that began in April 2022. The new national offer provided by work coaches focuses on removing barriers to progression and career progression advice, such as considering skills gaps, identifying training opportunities, or looking for progression opportunities for the claimant in their current role or supporting them into a new role.

4.5 Jobcentres will be supported in this new role by a network of 37 Progression Champions across Great Britain. Progression Champions will work with key partners, including local government, employers and skills providers to identify and develop local progression opportunities.

6: PAC Conclusion: The Department does not make the most of local authorities' and employers' in depth knowledge of local needs and priorities.

6b: PAC Recommendation: The Department should seek regular structured feedback from local authorities and employers on its employment support and:

- **Publish its district provision tool so others can see and comment on and complement the range of local provision**

6.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2022

6.2 The department is currently investigating viable solutions for publishing the information held on the District Provision Tool.

7: PAC Conclusion: The quality of claimants' experience with the Department and whether they receive the right support will depend on the Department's ability to integrate the additional 13,500 new work coaches into its organisation and manage their performance effectively.

7a: PAC Recommendation: The Department should commit to undertaking and publishing a full evaluation by the end of 2022 of how well its work coaches provide employment support and how consistently they apply their judgement.

7b: PAC Recommendation: The Department should gather and use systematic feedback on claimant's satisfaction with their work coaches, the service at the jobcentre, and how the jobcentre could be improved.

7.1 The government agrees with both the Committee's recommendations.

Target implementation date: December 2022

7.2 The department is pursuing further evaluation of how effectively work coaches provide employment support. This work will help the department to further develop its evidence base on how the core regime is, and has been, delivered during the COVID-19 pandemic.

7.3 The department is currently exploring how employment support delivered through Plan for Jobs works together with other offers in a range of local areas and how well work coaches are able to support customers through referrals.

Sixteenth Report of Session 2021-22

Department for Business, Energy & Industrial Strategy

Principles of effective regulation

Introduction from the Committee

Regulation is used by government to set rules and expectations that people and organisations should follow to meet a wide variety of different policy aims. Often these objectives aim to keep us safe (for example, in the regulation of water quality and food safety), to ensure we are treated fairly (for example, in consumer protection regulation), or to ensure businesses can compete on a level playing field (for example, through competition regulation). Effective regulation can achieve these objectives, but when it fails, it can have serious consequences for people, the economy and the environment.

The UK's regulatory landscape is complex, with a wide range of regulators and other bodies responsible for the regulation of different sectors. The Department for Business, Energy & Industrial Strategy (the Department) has over-arching responsibility for regulatory policy across government and aims to ensure the UK has the right regulatory frameworks to help meet business and consumer needs; and to reform regulatory approaches to support innovation and productivity.

Relevant reports

- NAO report: [Good Practice Guidance – Principles of Effective Regulation](#) – May 2021
- PAC report: [Principles of Effective Regulation](#) – Session 2021-22 (HC 176)
- [Treasury Minute](#): November 2021 (CP 550)

Update to the Government response to the Committee

Following the government's last response to the Committee (CP 550), the remaining recommendations have been updated below.

1: PAC conclusion: *The response to the COVID-19 pandemic has shown what can be achieved when regulatory bodies work effectively together with a clear focus on outcomes.*

1: PAC recommendation: *The Department should identify what has facilitated effective regulatory cooperation during the COVID-19 pandemic and disseminate findings to the regulatory community to ensure good practice is embedded and learning is not lost. It should also consider the risks of the changes in process as a result of the pandemic and how these were appropriately balanced.*

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 In February 2022 the Better Regulation Executive (BRE) reached out to all members of the Regulators Forum to submit examples of best practice regarding regulatory cooperation during the COVID-19 pandemic. Later that month, these examples were disseminated to all members of the Regulators Forum. Examples included how the Gambling Commission ensured data was being shared with international colleagues with a view to ensuring their work could continue, and how the Maritime and Coastguard Agency published new guidance to ensure seafarers were aware of how to fulfil their regulatory duties.

1.3 The BRE also conducted a number of interviews with regulators to better understand how they have adapted during the COVID-19 Pandemic and to gather more best practice examples on how they have been considering alternatives to regulation.

2: PAC conclusion: The Department and regulators have been slow to follow best practice in facilitating innovation.

2: PAC recommendation: Government should require regulators to engage meaningfully with businesses to explore potential new ideas and innovations and adopt regulatory sandbox type approaches, in a way that does not hinder regulatory objectives or create undue risk.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 As noted in the Committee's report, the government already encourages innovation friendly regulation, including sandboxes, through work such as the Regulatory Horizons Council, the Regulators' Pioneer Fund and, the Agile Nation inter-governmental network.

2.3 The government also encourages regulators to adopt more innovative approaches in their delivery of regulation and are considering how this could be built upon. The department's consultation seeking views on the effectiveness of creating statutory duties for regulators to promote innovation and competition ended on 1 October 2021. The [government response](#) was published on 31 January 2022 setting out how any proposals for new regulations must make sure that alternatives to regulation have first been considered.

3: PAC conclusion: Regulators may fail to protect citizens, businesses and the environment if they do not successfully adapt to major changes in their sectors.

3: PAC recommendation: Government and regulators should work together to ensure that regulatory frameworks are responsive, and that regulators themselves are well equipped, to be able to match the challenges and opportunities provided by the UK's departure from the EU.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 As outlined in the consultation on Better Regulation that closed on 1 October 2021, the government has set out five principles that will underpin the approach to regulation to ensure it benefits the British people and takes advantages of the new opportunities from leaving the EU:

- regulation will have a sovereign approach that tailors how rules are set to boost growth for the UK;
- the UK will lead from the front by acting flexibly and supporting the development of new technologies;
- the way regulation is developed will be proportional and responsive.
- by analysing regulations to ensure they work effectively in practice, the government will ensure regulation works; and
- high standards will be set at home and globally.

3.3 The response to the consultation was published on 31 January 2022 as part of "[The benefits of Brexit: How the UK is taking advantage of leaving the EU](#)". 188 written responses

to the consultation were received with 30 of these being from regulators. The Better Regulation Executive also met with regulators during stakeholder engagement sessions while the consultation was open.

4: PAC conclusion: Regulatory bodies do not have a good enough understanding of the costs and benefits of regulation, risking value for money.

4: PAC recommendation: In its review of the Business Impact Target, the Department should consult with regulatory bodies and wider stakeholders on how to ensure robust analysis of regulatory costs and benefits is built into regulatory policy design and evaluation. Furthermore it should include proposals to better reflect the impact of regulation in promoting competition and innovation.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 This work is already underway and reforming the Business Impact Target (BIT) to accurately capture the impacts of regulation is a fundamental part of the "Reforming the framework for better regulation" consultation. The government's [response to the consultation](#) was published on 31 January 2022.

4.3 The current BIT framework captures direct costs to business fairly well, but does not capture the wider impacts of regulation, such as on innovation. The consultation responses indicated a clear preference for capturing the impact of regulation on wider government priorities such as innovation, competition, and the environment.

4.4 The government's proposals to improve the analysis of regulatory costs and benefits were set out in the consultation response. In particular, the consultation response included in the "Benefits of Brexit" policy paper published on 31 January 2022 advocated removing the Business Impact Target in its current form and creating a more holistic way of assessing regulatory impacts on government priorities.

4.5 The response also considered regulators' role in the promotion of competition and innovation and whether to revise existing guidance and statutory objectives. In the Benefits of Brexit paper, the government committed to review how the powers, discretion and accountability awarded to our independent regulators can best serve the UK's interests.

5: PAC conclusion: Outcomes-based regulation comes with benefits, but also presents challenges for regulators in measuring their influence and compliance by industry.

5: PAC recommendation: Government and regulators should work together to build in proper consideration of the right balance between outcomes-based and rules-based regulation in their sectors, to ensure regulatory objectives are not compromised and non-compliance by regulated entities does not go undetected.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Key to ensuring a proportional approach is recognising what is necessary in each instance. There will be sectors and circumstances where market freedom and an outcomes-based regulatory approach is preferable, and others when a more prescriptive rules-based approach is required. The government will use non-regulatory options to deliver the desired

outcomes where it can, while acting decisively to put in place strong rules where they are needed.

5.3 The consultation on “Reforming the framework for better regulation” considered a number of proposals to address achieving this balance, including moving to a common law approach to regulation and the adoption of a proportionality principle. A government response to the consultation was published on 31 January 2022 as part of [The benefits of Brexit: How the UK is taking advantage of leaving the EU](#) detailing which proposals the government has decided to take forward, and why.

5.4 The Regulatory Horizons Council (RHC) was commissioned by the Secretary of State as part of the Innovation Strategy to consider how to support innovation through regulation. The RHC’s upcoming report, ‘*Closing the Gap*’ - *Getting from Principles to Practices for Innovation Friendly Regulation*’, will consider the main gaps between regulatory principles and practice in relation to innovation and how they can best be closed. The government will carefully consider the recommendations from the report.

Seventeenth Report of Session 2021-22

Department for Transport

HS2 Summer 2021

Introduction from the Committee

The High Speed 2 programme aims to build a new high-speed, high-capacity railway between London, the West Midlands and the north of England. The programme is split into several phases: Phase One (London to the West Midlands); Phase 2a (West Midlands to Crewe); and Phase 2b (Crewe to Manchester and the West Midlands to Leeds). The programme had an original budget of £55.7 billion (2015 prices). Following cost increases and schedule delays, the Government announced an independent review of the programme in August 2019, which was published in February 2020. The programme's funding was reset in 2020 and is now expected to cost a total of between £72 billion and £98 billion (2019 prices). The Phase One budget is £44.6 billion including almost £10 billion of contingency (2019 prices). HS2 Ltd plans for civil construction of Phase One to finish in 2025, with initial Phase One services (Old Oak Common to Birmingham Curzon Street) starting between 2029 and 2033.

The Department for Transport (the Department) funds and sponsors the programme and HS2 Ltd, an arm's-length body of the Department, is responsible for developing, building and maintaining the railway. The programme is at an important stage of its development: Phase One has entered a stage of substantial construction; Phase 2a has received approval for construction by Parliament; and the Department is assessing how to best integrate Phase 2b with wider transport plans in the region.

We have previously examined the High Speed 2 programme on three occasions. In our most recent report in May 2020, we found that the programme was estimated to cost substantially more than the original budget. We were concerned public confidence in the programme had been undermined and stipulated greater levels of transparency would be required in the future. We were unconvinced that the Department and HS2 Ltd had the right skills and capability in place and were concerned about the uncertainties of Euston station. This report considers what progress has been made to address these concerns.

Relevant reports

- NAO report: [Progress in implementing National Audit Office recommendations: High Speed Two](#) – Session 2021-22 (HC 292)
- PAC report: [HS2 Summer 2021](#) – Session 2021-22 (HC 329)
- Treasury Minutes: [December 2021](#) (CP 583)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 583 above), the remaining recommendation is updated below.

3: PAC conclusion: HS2 Ltd has started planning how it will integrate its systems for Phase One to ensure the railway works, but this is an inherently risky part of the programme.

3b: PAC recommendation: When it has announced the winner of its competition for the rolling stock contract, HS2 Ltd should write to the Committee to explain how the design and delivery of the train will support the integration of the systems required to operate the railway.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 High Speed Two (HS2) Limited [wrote to the Committee](#) on 15 February 2022 informing them of when the rolling stock contracts had been signed and how the design and delivery of the trains will support the integration of the systems required to operate the railway.

Eighteenth Report of Session 2021-22

Cabinet Office and HM Treasury

Government's delivery through arm's-length bodies

Introduction from the Committee

Government relies on ALBs to carry out a range of important functions and to deliver departments' strategic objectives. The Cabinet Office oversees around 295 ALBs in the UK that spend approximately £265 billion a year and employ around 300,000 people. The scale of these ALBs varies greatly, from large organisations that deliver essential services like NHS England and Ofsted, to smaller bodies like the Boundary Commission for England and the Family Justice Council that only employ a few people. Each ALB operates with a varying degree of independence, but departmental accounting officers remain ultimately accountable to Parliament for the performance of ALBs. The Cabinet Office, HM Treasury and sponsor departments all have a role in setting up and overseeing ALBs.

Relevant reports

- NAO report: [Central oversight of arm's-length bodies](#) – Session 2021-22 (HC 297)
- PAC report: [Government's delivery through arm's-length bodies](#) – Session 2021-22 (HC 181)
- [Treasury Minute: December 2021](#) – Session 2021-22 (CP 583)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 583 above), the recommendations below remained in progress.

1: PAC conclusion: Since this Committee last examined the topic in 2016, the Cabinet Office has made slow progress on its plans for arm's-length bodies reform.

1: PAC recommendation: The Cabinet Office should write to us by January 2022, setting out:

- *the lessons it has learned from the previous public bodies programme;*
- *how it is going to incorporate the recommendations from this report into its future strategy; and*
- *what it is going to do to ensure that, given the vast amount of money these bodies spend, ALBs are not overlooked as part of the efficiency review.*

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 [Public body review guidance was published in April 2022](#), commencing a new programme of reviews. The guidance includes lessons learned from previous public body reviews. Permanent Secretary Alex Chisholm wrote to the Committee to confirm this on 24 January 2022, and this letter is pending publication.

1.3 In accordance with the Spring Statement 2022, reviews will be expected to find more than 5% resource Departmental Expenditure Limits savings.

1.4 The newly-formed Efficiency and Value for Money Committee will scrutinise priority public body reviews, to ensure this target is being met or exceeded, and opportunities to improve, merge or discontinue public bodies are properly realised.

2: PAC conclusion: Cabinet Office and HM Treasury’s review and challenge of business cases is not sufficiently robust.

2: PAC recommendation: The Cabinet Office and HM Treasury should revisit their checklist for new business cases by January 2022 to ensure that it is fit for purpose. It should make sure that all business cases meet these requirements before they are approved.

2.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

2.2 The government will continue to require that proposals to establish new Arm’s-Length Bodies (ALBs) are supported by a business case that meets Cabinet Office and HM Treasury requirements.

2.3 HM Treasury published an [updated Green Book](#), including an updated business case checklist, on 30 March 2022.

3: PAC conclusion: Departments do not receive enough support from Cabinet Office in certain aspects of arm’s-length bodies management.

3: PAC recommendation: The Cabinet Office should write to us by January 2022, setting out how it will use its new strategy to:

- **assure itself that the guidance it sets is being followed and that assurance and framework documents are regularly updated;**
- **support departments and ALBs so that they can better benchmark their performance; and**
- **improve sponsorship skills across government and how it will measure the success of this.**

3.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

3.2 HM Treasury has recently published a range of updated specimen Framework Documents and guidance, providing greater specificity for Arm’s-Length Bodies and departments.

3.3 Action 24 of [The Declaration on Government Reform](#) commits the government to transforming the sponsorship of Arm’s-Length Bodies. The HM Treasury and Cabinet Office Public Bodies Reform Programme (‘the Programme’) will deliver on this commitment through enhancing the principles, performance and people behind sponsorship.

3.4 The Programme published a new Sponsorship Code of Good Practice in May 2022. This Code has been co-produced across 16 government departments and sets out the principles behind sponsorship over six key capabilities. Departments are required to report on their sponsorship performance through their Outcome Delivery Plans, for which the Cabinet Office will lead an annual audit across a select number of departments and sponsors.

3.5 The Programme is also driving up the capability of public body non-executives. It published new guidance setting out what good looks like for [appraisal of public body non-executives and Chairs as well as Board Effectiveness Reviews](#). This builds on the publication of [the twelve principles of governance for all public body non-executives](#) and the Cabinet Office's public body non-executive induction events. The induction events have been attended by more than 200 non-executives and scored an average 90% satisfaction rating.

4: PAC conclusion: The Cabinet Office and HM Treasury do not have a common view of risks across arm's-length bodies.

4: PAC recommendation: In its Treasury Minute response the Cabinet Office should set out how:

- **it will gain assurance that departments have developed a consolidated view of the risks presented by their ALBs; and**
- **it will use departmental assessments of ALB risks to inform discussions on cross-cutting risk with the Government Finance Function.**

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Departments have developed Outcome Delivery Plans (ODPs) setting out their plans for delivering priority outcomes over the spending review period, and to identify the risks that may impact their ability to do so. Guidance to departments required that they work closely with ALBs to align strategy, business plans and reporting as part of this process of agreeing each department's ODP.

4.3 The latest iteration of reporting on principal risks to the Civil Service Board in April 2022 was informed by these departmental ODPs, and therefore reflects departments' consolidated views of risks, taking into account the position of ALBs.

4.4 In its previous response to this recommendation, the government committed to enhancing capabilities, driving professionalism and building risk management awareness and knowledge across leaders at all levels of government organisations, including ALBs. This work, led by the Risk Centre of Excellence in the Government Finance Function, will:

- develop a cross-government programme of training for risk managers with certification and formal accreditation (expected September 2022); and
- develop a risk management specific training offer for non-risk professionals (in 2022-23).
- create common frameworks that allow the assessment of organisational risk management maturity work (expected to conclude in Summer 2022).

4.5 The guidance for public body reviews sets requirements for public bodies including risk management, governance and internal control. Review self-assessments will also be submitted to the Cabinet Office by departments, helping capture how the department and its public body address risk. This will help the Cabinet Office build a system-wide view of risk management practices across bodies being reviewed.

5: PAC conclusion: Poor data and legacy IT are a barrier to effective oversight of its arm's-length bodies.

5: PAC recommendation: HM Treasury should write to us as soon as possible after the Spending Review to outline how bids to resolve systemic legacy IT issues have been addressed as part of Spending Review 2021.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Executive Director of the Cabinet Office's Central Digital and Data Office (CDDO) [wrote to the Committee](#) on 4 November 2021 in response to this recommendation. During this Spending Review, the CDDO worked closely with HM Treasury to provide spending teams with expert input and advice on the prioritisation of digital spending bids submitted by departments. This included highlighting particular challenges and priorities for investment within departments, and assessing the criticality, technical feasibility, and deliverability of digital bids.

5.3 HM Treasury allocated £2.6 billion at SR21 to cyber and legacy funding across government, with a focus on improving the government's own cyber security. This was in addition to the funding agreed for the National Cyber Force.

6: PAC conclusion: The current public appointments process does not give confidence that it is efficient, transparent and fair.5: PAC conclusion: Poor data and legacy IT are a barrier to effective oversight of its arm's-length bodies.

6: PAC recommendation: The Cabinet Office should confirm in the Treasury Minute:

- **what arrangements it will put in place to ensure the Code is adhered to;**
- **when it expects its new public appointments recording system to be operational;**
- **that data collected will include diversity statistics and data on the length of time appointments take; and**
- **how it will assure itself that decisions on public appointments are transparent and made on merit.**

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The legal basis for public appointments continues to operate effectively.

6.3 The Cabinet Office continues to discharge its oversight of the appointments system. Phased rollout of the new digital system began in March 2022. Diversity data on appointments made during each financial year and appointees in post on 31 March each year will continue to be published on an annual basis, although data on more granular geographic location and education will be included once applications are received through the new digital system.

6.4 Details of all appointments continue to be published and the independent Commissioner is discharging their regulatory duties in line with the requirements of the Order in Council and Governance Code.

Nineteenth Report of Session 2021-22

Department for Business, Energy & Industrial Strategy

Protecting Consumers from Unsafe Products

Introduction from the Committee

Unsafe and dangerous products can cause harm in different ways. Harm can be visible, such as the estimated 3,000 house fires each year in the UK that are caused by appliance faults. It can also be less obvious, such as toxic or carcinogenic chemicals in products or disinfectant that is not as effective as it claims. UK regulations require businesses that make or sell products to ensure they are safe when used normally or in a way that could be reasonably foreseen. Products which are at greater risk of safety problems, such as cycling helmets and electricals, have additional requirements. Since EU Exit, product safety regulations are set by the UK government (although many are still derived from EU regulations and directives) and are sometimes based on internationally recognised product standards.

Until 2018, consumer product safety regulations (apart from food, medicines and vehicles) were enforced entirely by local authority Trading Standards services. In response to increasingly complex national and international product markets, the government created the OPSS in January 2018 to regulate consumer product safety at a national level. Its role includes identifying and assessing product risks and intervening directly on nationally significant product issues. It works alongside Trading Standards services which still regulate at local level and undertake most enforcement activity. For expediency, in order to tackle immediate issues including known problems with household appliances and preparing for EU Exit, the OPSS was set up as a new office within the Department for Business, Energy & Industrial Strategy (the Department). The OPSS's product safety operations budget has grown from £10 million in its first year to £14 million in 2020–21, and in 2022 it will be taking on new duties for regulating construction products.

Relevant reports

- NAO report: [Protecting consumers from unsafe products](#) – Session 2021-22 (HC 294)
- PAC report: [Protecting consumers from unsafe products](#) - Session 2021-22 (HC 180)
- Treasury Minute: [Protecting consumers from unsafe products](#) - December 2021 (CP 583).

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 583 above), the remaining recommendations are updated below.

1: PAC conclusion: The OPSS lacks the data it needs to proactively identify and address risks to consumers from unsafe goods.

1: PAC recommendation: The OPSS should write to us within six months and set out the progress made in its data strategy, including its data-sharing pilot with the NHS and whether it is achievable in practice. Its response should set out what other data sources it has identified and begun to collect to improve its intelligence base.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department [wrote to the Committee on 1 April 2022](#) as requested to provide an update on the progress made in the Office for Product Safety and Standards (OPSS) data strategy.

1.3. In summary, work on OPSS' data strategy is now well advanced and is based around four pillars:

- Sharpening our understanding
- Effective governance and deployment of data
- Driving behavioural change
- Targeting regulatory activity

1.4. The data strategy is aligned to the objectives of the National Data Strategy and OPSS will be testing implementation against the ONS Data Quality Hub's data maturity assessment model.

1.5. It is anticipated that the evaluation of the NHS data sharing pilot will be completed in the summer 2022, and OPSS is also currently investigating access to fire incident data, Citizens Advice Bureau complaints data, and product sales information.

1.6. This newer activity under the OPSS data strategy will build on action that has already been undertaken, including the delivery of a significant programme of product safety research and the delivery of new digital infrastructure to capture and share data on products of concern (the Product Safety Database).

2: PAC conclusion: The OPSS has struggled to reach some businesses and consumers to prevent harm being caused by unsafe products.

2: PAC recommendation: The OPSS should develop a detailed plan for proactively communicating with and influencing industry and consumers. This should set out how different industry and consumer groups, including vulnerable and hard to reach demographics, will be targeted using different approaches.

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2022

Original target implementation date: Spring 2022

2.2 OPSS has taken action to develop an evidence base and plan further developments with a view to establishing a detailed framework for communicating and influencing businesses and consumers.

2.3. OPSS is expanding its Business Reference Panels, to target under-represented groups, for example, increasing engagement with organisations which represent smaller and start-up businesses. OPSS are launching a Business Accountability Forum, focussing specifically on businesses that it regulates – providing a mechanism to engage, understand, inform, and challenge regulatory approaches.

2.4. OPSS has also begun much more proactive collaboration with business groups on information campaigns, using their insights to inform messaging, and encouraging them to use their platforms and networks to amplify important safety messages.

2.5. Regarding consumers, OPSS has established a quarterly Consumer Bodies Forum to gain insights from a diverse range of consumer bodies and to work with them on targeted messaging. OPSS also has a contract with YouGov, giving access to their database of 80,000 consumers, enabling good segmentation of responses by consumer demographics.

2.6. OPSS is building relationships with regulators and participating in regulatory networks to enable sharing of data and intelligence about product safety related consumer complaints and accidents to inform its work. These are both UK based; for example, the Consumer Protection Partnership, and internationally as part of its membership of the OECD Working Party on Consumer Product Safety.

2.7. Due to the increased scale of the plans, this recommendation will now be fully implemented Autumn 2022.

3: PAC conclusion: *There is insufficient coordination between the OPSS, local authorities and other parts of government.*

3: PAC recommendation: *The OPSS should work with the Department and other parts of government to ensure the regulatory system is better coordinated. In particular, it should engage with MHCLG and other relevant departments to address concerns around the long-term sustainability of the Trading Standards workforce. In their update to this Committee, they should explain how they intend to resolve this issue.*

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2022

Original target implementation date: Spring 2022

3.2 To ensure national and local activity on product regulation is effectively co-ordinated, OPSS has established a Local Authority Unit (LAU). The Unit is intended to provide a clear, single route into OPSS, facilitating better coordination of engagement with Local Authorities (LAs) and helping ensure a cohesive approach to provision of OPSS tools and services for frontline officers. A key element of the structure of the LAU is a focus on stronger relationships with the different regions and with Scotland, Wales and Northern Ireland, and each area has an assigned engagement lead within the Unit.

3.3 This will provide all LAs with better access to information and enable OPSS to engage most effectively with them. It will help OPSS to get a closer insight into the operation and priorities of the different localities, to feed into the national picture, and to shape its offer to LAs.

3.4. As National Regulator, OPSS engages across Whitehall on matters relating to the effective delivery of regulation services and uses its knowledge of the wider LA landscape to ensure that OPSS' key interest areas are represented and considered in wider government thinking. As part of its engagement programme with LAs, the LAU is currently exploring options for better data sharing between local and national regulators.

3.5 OPSS is planning to launch its updated support offer to LAs, based on extensive feedback from LA stakeholders, fulfilling this recommendation in Summer 2022.

4: PAC conclusion: *Gaps in the regulatory framework make it harder to protect consumers from new risks presented by online marketplaces and emerging technologies.*

4: PAC recommendation: The Department and OPSS should write to us within six months to update us on the progress of their product safety review, and how and when they will address gaps in the regulatory framework. This should include a clear assessment of the key constraints the regime faces in regulating product safety through online marketplaces and keeping regulations up to date with changes in product technologies.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department [wrote to the Committee on 1 April 2022](#) as requested to provide an update on the progress made in the OPSS Product Safety Review.

4.3 In summary, responses to the Product Safety Review call for evidence recognised there were some elements of the current framework that worked, but it was being severely tested by new business models, an increase in e-commerce, technological advances and changing consumer behaviours, and identified several areas where the current rules were unclear.

4.4 OPSS has therefore been working up policy proposals on which it intends to consult later this year. The consultation will set out an ambitious vision for change, including a new and proportionate approach to regulation that works for consumers and for business and is adaptable to technological change.

4.5 Alongside preparing for the consultation on the regulatory framework, OPSS has continued to take action under existing regulations to address the challenges that exist with new products and new routes of supply. OPSS is conducting market surveillance, investigations and enforcement, sharing intelligence with international partners, developing approaches to third party sellers outside the UK and challenging online marketplaces on their arrangements for keeping consumers safe.

5: PAC conclusion: The regulatory system is lacking capacity and skills to meet the challenges it faces.

5: PAC recommendation: The Department and OPSS should evaluate the regulatory resource needed for the future of the regulatory regime. This should reflect the impacts of product checks at the UK border, the OPSS's new duties on construction products and the loss of resource at local Trading Standards services.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 In 2022-23, OPSS is making available £2 million in Local Authority grant funding to support product safety checks at the UK border. While OPSS' focus will continue to be the highest risk importers and countries of origin, part of this funding is dedicated to risk-based checks on imports from the EU which are now within scope of controls. Grant funding is being supplemented by new, national operational capacity provided directly by OPSS; one part of its 3-year programme to evolve the product safety system at the border, in line with the government's 2025 UK Border Strategy.

5.3 Regarding construction products, OPSS has continued to develop its capacity and capabilities, integrating the new function into the core OPSS structures. It has been working to secure positive working practices with the new Building Safety Regulator and other regulators, creating an evidence base through research, developing its understanding of the very complex

construction system, and understanding the regulatory tools available to it and those required for this industry. OPSS has been supporting Local Authority Trading Standards to deliver construction products regulations through providing advice and guidance.

5 The Department for Levelling Up, Housing and Communities (DLUHC) is accountable for OPSS's work on construction products and provides dedicated funding for it.

6: PAC conclusion: The government has not yet set out a clear vision and detailed plan for the future of UK product safety regulation.

6: PAC recommendation: In their update to the Committee on the product safety review, the Department and OPSS should set out a timetable for the next UK product safety regulatory strategy. This strategy should set out clearly what type of regulatory system the UK will adopt to best combat the challenges it faces, and consider at what point the OPSS would be most effective as an independent regulator.

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2022

Original target implementation date: Spring 2022

6.2 The Department set out OPSS' plans for the product safety review in its [letter to the Committee on 1 April](#).

6.3 OPSS has developed a new detailed regulatory strategy as a national product regulator including its product safety, construction products and other product regulation duties. The intention is to publish this in Summer 2022.

6.4 OPSS is committed to being a transparent, accountable, and impartial regulator. It has built the capability to do that job well – recruited specialists, established core processes and carried out significant research into the nature of the regulatory challenge. It has established access to independent expertise and advice, for example, through the newly established Scientific Advisory Committee on chemicals safety for non-food consumer products. It is also, expanding its engagement this year with consumer and business representatives to increase transparency and accountability. The governance arrangements for OPSS are subject to regular review.

Twentieth Report of Session 2021-22

Ministry of Defence

Optimising the Defence Estate

Introduction from the Committee

The Ministry of Defence (the Department) has access to one of the largest estates in the country. The estate covers 1.5% of the UK landmass, and is valued at £36 billion. The Department recognises that its estate is too large and that its scale, nature and location have not evolved enough to meet the Armed Forces' current and future needs. The Department's vision is to develop an estate that is affordable and optimised to support Defence capabilities, outputs and communities. It is disposing of sites it no longer needs and is accountable for a 2015 Spending Review commitment to reduce the size of its built estate by 30% by 2040–41. It is also seeking to reduce future running costs. It spent £4.6 billion on its estate in 2019–20, 12% of the overall defence budget.

In 2016, the Department set up a 25-year investment strategy known as the Defence Estate Optimisation (DEO) Portfolio. The DEO Portfolio is the Department's main estate transformation programme, which aims to achieve a smaller, more efficient estate. It consists of a series of building projects to rehouse personnel and equipment, moving units to new locations and disposing of vacated sites. In 2016, the Department expected that the DEO Portfolio would reduce the size of the built estate by 25%, and that other sales would reduce it by a further 5%. The Portfolio team works with the Top-Level Budgets (TLBs) which are responsible for managing and rationalising their own estate. The Defence Infrastructure Organisation (DIO) provides TLBs with advice and support on estate management, including disposals.

Relevant reports

- NAO report: [Optimising the Defence Estate](#) – Session 2021-22 (HC 293)
- PAC report: [Optimising the Defence Estate](#) – Session 2021-22 (HC 179)
- [Treasury Minutes](#): December 2021 (CP 583)
- [Strategy for Defence Infrastructure](#): 27 January 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 583 above), the remaining recommendations are updated below.

1: PAC conclusion: We are very concerned that the Department does not have a coherent strategy to deliver the necessary reform of its whole estate and to manage all related estate initiatives.

1: PAC recommendation: By 31 December 2021, the Department should publish a revised estate strategy with milestones which reflects the decisions made in the Integrated Review. When published, the Department should write to the Committee to explain how it will manage the interdependencies between estate initiatives; its plans for rationalising the overseas, training and reserve estates; and the resources it will commit to delivering the strategy.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The new [Strategy for Defence Infrastructure \(SDI\)](#) (SDI) was published in January 2022. This strategy clearly articulates the need to align the estate to the demands of military capability, both now and in the future. An approach for aligning infrastructure supply (in terms of each asset) to military demand (the delivery of components of Defence Capability) has been developed and is now being implemented. This is a significant undertaking, but the plan is for this work to be completed in time for the next quinquennial government strategic review to define what an optimised estate looks like and should cost.

1.3 As previously reported, the infrastructure operating model provides the mechanism to manage the inter dependent estate initiatives. The management of the Defence Estate Optimisation (DEO) portfolio under a single Senior Responsible Owner (SRO) provides the necessary governance, oversight, and financial and delivery planning processes to manage the interdependencies with other estate initiatives. The department is already undertaking a review of the Reserves Forces Estate. The findings will be shared with Parliament in due course.

2: PAC conclusion: The Department has no meaningful targets or high-level performance framework to incentivise it to develop an affordable estate that better supports defence needs.

2: PAC recommendation: By 31 December 2021, the Department should reset its estate optimisation targets, developing specific shorter-term deliverables, including reductions in the size of estate; sale proceeds; and savings in estate running costs.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The optimal size of the estate is one that meets the needs and requirements for defence; the estate needs to provide the facilities to live, work and train and provide the infrastructure required to deliver defence capabilities.

2.3 The Defence Estate Optimisation Portfolio has conducted its most significant re-baselining of the programmes and projects to take account of the capability requirements generated by the Integrated Review (IR), resulting in the Army adapting its basing structure to support the new capabilities.

2.4 The baseline was approved at the DEO Portfolio Board in March 2022. The portfolio benefits have been adjusted in line with the basing requirements set out in the IR, including the successful disposal of 13 surplus sites and land parcels which generated £182.5 million in net receipts for financial year 2021-22 alone.

2.5 The department has established key relationships with local governments and communities, working with specialist advisers to improve development opportunities of each disposal site to maximise certainty and values, aligning to local plans.

3: PAC conclusion: The Department has made slow progress in reducing the size of its estate.

3: PAC recommendation: By the end of this Parliament, the Department must be able to demonstrate that it has built on recent developments to deliver planned site disposals. Each June, it should provide the Committee with an update on its progress, reporting against its revised performance framework. It should also identify and apply good practice from across the public and private sectors to ensure it is achieving timely disposals which maximise returns.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

3.2 Following the previous update to the Committee, the department disposed of 13 surplus sites and land parcels and received £182.5 million in net receipts for financial year 2021-22. The department continues to optimise its use of the current estate to ensure it is appropriately located, resilient and sustainable to provide better value for money.

3.3 Following the 2020 Spending Review, DEO is now fully funded following a gap left by withdrawal of Private Finance funding. It will meet new capability demands and be an important but not exclusive part of optimising the estate. The DEO portfolio SRO has worked closely with the Infrastructure and Projects Authority and engaged with a client-side partner to provide private sector and industry knowledge for maximising returns. The SRO has also engaged with relevant cross-Whitehall stakeholders, such as the Cabinet Office and the Department for Levelling Up, Housing and Communities.

4: PAC conclusion: The Department's ability to make informed decisions on estate management and on which sites to sell remains constrained because it still lacks good management information on its estate, despite this Committee highlighting the problem in 2010.

4: PAC recommendation: The Department should explore how to accelerate the development of its asset management system—due in 2025—and embed this in its management of the estate. It should include an update on its progress when it writes to the Committee to explain its new estate strategy.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The Strategy for Defence Infrastructure was published in January 2022. Internally, the department has agreed an SDI Infrastructure Data & Information Management Strategy (IMS) and have established a Federated Data Architecture (FDA) including approval of an aligned set of data standards for Defence Infrastructure to support the launch of the new Future Defence Infrastructure Services (FDIS) 'hard' Facilities Management contracts. A comprehensive suite of management tools to assist risk-based investment decisions, including the ability to assess probabilities and consequences of asset failure has been developed and is in use.

4.3 The department remains on track to have an asset management system with a maturity level 3 'competence' (ISO 55001) by the end of 2025. The department has worked extensively with industry, benchmarking the development and implementation of an asset management system of a similar scale to the department. This work supports the target implementation date. The programme continues to deliver improved asset management capability and the latest set of data standards has been provided to the FDIS contractors. An interim Asset Management Maturity assessment will be undertaken in Autumn 2022 to substantiate the improvements being made.

4.4 A new suite of national and regional facilities management contracts commenced in late 2021 and early 2022. These contracts and associated systems through which the department will receive much more detailed automated data will significantly enhance the ability to implement good asset management practices and are already beginning to deliver new analysis and reporting.

5: PAC conclusion: The Department's forecast savings from its DEO Portfolio by 2040 have already fallen from £2.4 billion to £0.65 billion, and there is a very real risk they will melt away completely.

5: PAC recommendation: The Department should collect better data on the actual cost of preparing sites for disposal and the building works on sites receiving relocated personnel and equipment, including the cost of meeting sustainability commitments. It should use these data to re-assess the forecast savings from the disposal programme and include this in its annual update to the Committee.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Data on the actual cost of preparing sites for disposals is being collected and supported by the 13 disposals achieved in Financial Year 2021-22. Building work estimates have been refreshed in line with the demands of the IR and all asset type standard designs are currently being updated to include latest building performance standards and sustainability commitments, including costs.

5.3 A new Delivery, Commercial and Procurement strategy will be implemented in Winter 2022-23 which will deliver key benefits from early engagement with industry using a two-stage procurement mechanism through the design and build phases in line with industry best practice. This strategy will provide the department greater confidence and accuracy in project costings and faster delivery due to the completion of detailed designs and site master plans.

5.4 The department will also work with industry partners and utilise reference class data to ensure the cost of site preparation to support disposals is understood, matured, and factored into project planning and estimating. Progress on this will be provided in the annual update to the Committee in June 2022; the asset design work will be 90% complete at this point.

6: PAC conclusion: The Department has still not tackled the long-known problems with the poor quality of its estate, which continue to harm the well-being of service personnel.

6: PAC recommendation: The Department must demonstrate to the Committee in its annual update how its commitment of appropriate resources to tackling the problems which affect the lived experience of its personnel have had an effect, to the extent that we start to see improvements in the relevant scores in the annual armed forces continuous attitude survey.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The new Future Defence Infrastructure Services (FDIS) 'hard' Facilities Management contracts went live on 1 April 2022 and provide a comprehensive suite of management tools to assist risk-based investment decisions, including the ability to assess probabilities and consequences of asset failure.

6.3 Over FY 2021-2022 one in five service families are living in homes that have either been significantly refurbished whilst either in residence or have moved into a newly refurbished home. Plans to maintain the momentum on SLA refurbishment activities are in place and are well supported by the FDIS contracts now in place across the estate.

6.4 Both Service Family Accommodation (SFA) and Single Living Accommodation (SLA) will improve further under the new FDIS contracts, and the implementation of the new defence minimum standards for SLA are creating the opportunity to move away from a 'fix on fail' approach to preventative maintenance. The department expects the impact of its increased investment in the improvement and modernisation of SFA to be reflected in future improvements in customer satisfaction levels. Progress on this will be provided in the annual update to the Committee in June 2022.

Twenty-First Report of Session 2021-22

Department for Education

School Funding

Introduction from the Committee

In January 2020, there were more than 20,200 mainstream state schools in England, educating more than 8.1 million pupils aged four to 19. Around 11,700 of these schools (58% of the total), with 3.8 million pupils, were maintained schools, funded and overseen by local authorities. The remaining 8,500 schools (42%) were academies, with 4.4 million pupils. Each academy school is part of an academy trust, directly funded by 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. In 2020–21, the Department provided mainstream schools with core revenue funding of £43.4 billion. The largest component of this funding (£36.3 billion, 84% of the total) was the schools block of the dedicated schools' grant. Other funding streams included grants to support disadvantaged pupils and pupils with high needs.

Relevant reports

- NAO report: [School funding in England](#) – Session 2021-22 (HC 300)
- PAC report: [School Funding](#) – Session 2021-22 (HC 183)
- [Treasury Minutes](#) : December 2021 (CP 583)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 583 above), the remaining recommendations are updated below.

2: PAC conclusion: Under the national funding formula, schools that are more deprived have fared worse than those that are less deprived.

2: PAC recommendation: Before moving towards a hard national funding formula, the Department should publish an assessment of the likely impact of the proposed changes on individual schools and different types of schools.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2022

2.2 The Department for Education (the department) has recently confirmed the proposed approach in the consultation on [Completing our reforms to the NFF](#) to move to allocating funding directly to schools on the basis of a single, national formula. The department's response, [Fair school funding for all: completing our reforms to the National Funding Formula](#), was published in March 2022. By summer 2022 the department will launch the second stage consultation on the reforms.

2.3 While the move to allocate funds directly to schools is the department's long-term goal, it is a significant change that requires careful implementation. The department confirmed

taking a gradual approach to transition through requiring local authority funding formulae to move their factor values at least 10% closer to the NFF in 2023-24. The department will publish an analysis of the impact of this tightening on individual and different types of schools, and of the flexibility local authorities need in order to set local formulae, before the direct NFF is implemented in full. The department will publish the first such analysis in July 2022; this analysis will be updated annually for each subsequent transitional year.

4: PAC conclusion: Schools are having to cross-subsidise their sixth forms with funding intended to support younger pupils.

4: PAC recommendation: In making and communicating decisions about school funding, the Department should explicitly consider how different funding streams interact so that schools do not have to cross-subsidise, for example, in order to support sixth-form provision.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department is committed to investing in education for all pupils, including those in school sixth forms. Schools are responsible for their own planning, considering their curriculum, timetable and resources when deciding what courses to offer in their sixth form. The department has been very clear in [published guidance for Academies](#) and [free schools](#): that new school sixth forms need to be above a certain size to ensure year on year sustainability. Many 16-19 only institutions, including free schools and sixth form colleges, provide high quality education without the need for cross-subsidy.

4.3 In making and communicating decisions about school funding, 16-19 funding policy and the National Funding Formula (NFF), officials considered and discussed how different funding streams interact. Funding allocations for 16-19 institutions for the financial year 2022-23 were [published on 17 December 2021](#), and will result in a per student cash injection increase of over 8%.

4.4 Funding allocations for schools were [published on 16 December 2021](#) confirming in 2022-23 mainstream school funding for 5-16 year olds is increasing by £2.5 billion in 2022-23, compared to 2021-22. Uplifts to the schools NFF factor values for 2023-24 (covering 5-16 school provision) will be published in July 2022. In taking future decisions over funding levels for schools with children aged 5-16 and for those with post-16 provision, the department will continue to consider how these funding streams interact and how to support the financial sustainability of schools with sixth forms.

5: PAC conclusion: The Department does not seem to have a grip on the impact of falling rolls on schools.

5: PAC recommendation: The Department should carry out an evidence-based assessment of whether there is enough support for schools whose rolls are falling, and write to us by the end of March 2022 with an update on the results of its assessment and what it is doing to address any concerns.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department [wrote to the Committee](#) on 28 March 2022 with the department's assessment of the level of support for schools whose rolls are falling. In summary, the national

funding formula (NFF) provides support to schools with falling rolls, as funding is allocated on a lagged basis. This helps to give schools more certainty over funding levels, to aid their planning, and is particularly important in giving schools that see year-on-year reductions in their pupil numbers time to re-organise their staffing and associated costs before seeing the funding impact.

5.3 Local authorities have a statutory duty to ensure sufficient school places: ultimately, the responsibility for balancing the supply and demand of school places rests with them. It is prudent for local authorities to retain some spare capacity in the system to manage shifting demand, whilst ensuring local school estates are managed efficiently and remain financially viable.

5.4 Local authorities may set aside some of their Dedicated School Grant (DSG) schools block for falling rolls funds. These are intended to support good and outstanding schools with falling rolls where local planning data show that surplus places will be needed within the next three financial years. The decision on whether to have falling rolls funds, and the value of these funds, is subject to local discretion and agreement from the local schools' forum. The department continues to support schools to adopt a strategic approach to their estate management. The department provides guidance that helps develop their policy ideas to increase the efficient and effective use of education sites, as outlined in the department's response.

5.5 All schools should become part of a strong multi academy trust (MAT). MATs have flexibility in how they can use their funding between schools which can help respond to fluctuations in pupil numbers.

6: PAC conclusion: The Department cannot say when it will implement its commitment to a starting salary of £30,000 for new teachers.

6: PAC recommendation: The Department should set out a timetable for meeting its commitment to a £30,000 starting salary for teachers, along with details of how this will be funded.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 On 4 March 2022, the department published its [written evidence](#) to the School Teachers' Review Body (STRB), setting out its proposal for delivering the £30,000 starting salary commitment for teachers.

6.3 Under these proposals, the commitment would be delivered over the next two pay awards. This means the £30,000 starting salary would come into effect from the beginning of the 2023-24 academic year.

6.4 Future increases in school funding announced at the 2021 Spending Review have factored in funding to deliver future teacher pay awards. The proposals set out within the department's evidence to the STRB are therefore affordable. The government continues to deliver year-on-year real terms per pupil increases to school funding, increasing the core school budget by £7 billion in cash terms by 2024-25 compared with 2021-22.

6.5 The exact delivery of the £30,000 starting salary commitment will of course be subject to the STRB's recommendations and the government response, expected in July 2022.

Twenty-Second Report of Session 2021-22

Ministry of Defence

Improving the performance of major defence equipment contracts

Introduction from the Committee

The Ministry of Defence (the Department) has been managing suppliers and delivering military equipment programmes critical to our national security for decades. There have been numerous reviews of defence procurement over the past 35 years, which have provided the Department with opportunities to take stock and learn from experience. We are therefore extremely disappointed and frustrated by the continued poor track record of the Department and its suppliers—including significant net delays of 21 years across the programmes most recently examined by the National Audit Office—and by wastage of taxpayers’ money running into the billions. The Department is in a disadvantageous position because it relies on a limited specialist supplier base to meet its needs and at times lacks the skilled personnel to effectively manage the performance of these suppliers. Overall, we are very concerned that the Department—and ultimately the taxpayer—bears too much of the financial risks for failure.

Relevant reports

- NAO report: [Improving the performance of major equipment contracts](#) – Session 2021-22 (HC 298)
- PAC report: [Improving the performance of major defence equipment contracts](#) – Session 2021-22 (HC 185)
- [Treasury Minutes](#) January 2022 (HC 185)
- [Managing Public Money](#) May 2012
- [Accounting Officer Assessments: guidance](#) December 2021
- [Defence Equipment Plan 2021 - 2031](#) 21 February 2022
- [The Green Book](#) 2022

Update to the Government response to the Committee

Following the government’s last response to the Committee on this report: (CP 185 above), the remaining recommendations are updated below.

2: PAC conclusion: We are deeply concerned about departmental witnesses’ inability or unwillingness to answer basic questions and give a frank assessment of the state of its major programmes.

2: PAC recommendation: The committee expects the Department to develop a more transparent approach to assessing value for money. In particular, the Accounting Officer Assessments letters—which come to this committee when significant changes occur on major programmes—should include a more detailed and frank assessment of how the changes impact on the value for money case as defined at the start of the programme.

2.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

2.2 Project teams are required by the approvals and scrutiny community to rigorously monitor and evaluate value for money and actively learn lessons about what works well in accordance with HM Treasury [Green Book](#) and [Managing Public Money](#).

2.3 The Permanent Secretary wrote to all SROs of Major Projects stressing the need to consider the impact on the value for money case when changes are made to a programme. Programme changes and the specific impact on value for money should be clearly articulated and evidenced in all advice to the Accounting Officer. Updated accounting officer assessment guidance has been produced in response to the [HM Treasury 2021 update](#). Training with various Front-Line Commands is underway.

3: PAC conclusion: The Department does not make enough demands of its suppliers to share the financial risks as well as the rewards of contracting for major equipment capabilities.

3: PAC recommendation: The Department should write to the Committee within six months with a clear plan on how it will ensure suppliers take on their fair share of the financial risk in contracts, and how it will take past performance into account when letting new contracts.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The management of financial and other risks within the department's contracts is central to the department's ability to control performance issues and cost and time overruns. A new approach has been introduced to consider risk and set caps on liabilities within contracts, adhering to the general government principle that risk should lie with the party best able to manage it. This is in line with Cabinet Office and HM Treasury approaches and ensures that suppliers take on their fair share of financial risk and the resulting price provides better value for money.

3.3 It is in the department's interests for suppliers to remain financially viable and earn a fair return on investment to sustain the market for these complex major defence projects and ensure UK industry competitiveness. In addition, expecting industry to bear significant up-front development costs over multiple years that they may not recoup would increase capital and risk costs in a programme and present a barrier to industry entering into new development. This would impact on-shore Defence manufacturing capability especially in research, design and development.

3.4 Suppliers' past performance is tested as part of the department's standard commercial processes. For contracts over £20 million (or below, where appropriate) this includes seeking evidence that a supplier has satisfactorily performed the contract.

3.5 The department will write to the Committee setting out more details by 6 June 2022.

4: PAC conclusion: The Department continually fails to learn from its mistakes.

4: PAC recommendation: The Department should provide the committee with a clear plan on how it will draw on LFE and how its SPP and associated initiatives will generate the level of savings that would be expected from work that is intended to transform the procurement of hundreds of billions of pounds of equipment.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department's plans to deliver these savings, drawing on Learning from Experience (LFE) and industry wide best practice, are as follows.

4.3 Through the Strategic Partnering Programme (SPP) the department continues to establish more effective collaborative relationships with strategic suppliers, employing a proven method and structure, already used across government by the Cabinet Office. The SPP is implementing a pipeline of activity to improve the performance of existing programmes, provide a structured engagement framework, and support the more effective management of strategic supplier risks.

4.4 The Category Management programme seeks to deliver better and more cost-effective capability delivery, drawing upon lessons from industry and the public sector to deliver strategic, commercial and organisational benefits.

4.5 More widely, the department is working to instill a learning culture across acquisition and improve access to information on LFE. In Defence Equipment & Support, activities, guidance and tools that project teams must use include:

- Project Delivery Handbook: outlining the need, benefit and process for capturing LFE.
- Project Histories Procedure: to document details on key Project decisions, referencing rationale for the decisions.
- Project Maturity Model: to achieve a higher score of project maturity, a project must not only capture lessons learned at the end of a project but must also be able to evidence steps taken to exploit relevant lessons from other projects in the planning stage.
- Project Review Committee: reviews of Projects reporting performance issues include consideration of LFE from the project itself and other projects to improve performance.

5: PAC conclusion: The Department will not secure a step change in performance until it can recruit and retain the highly skilled staff that it requires.

5: PAC recommendation: The Department and HM Treasury should write to the committee within the next six months setting out how together they will address the gap in skills that it needs for effective contract and supplier management; making the Department competitive in specialist labour markets; and improving retention. In its letter, the Department should also set out what more it will do to get greater continuity in the SRO role, including where feasible a single SRO for the lifetime of a project, and to recognise the role's fundamental importance to delivering military capabilities effectively. The Department should specifically be clearer for military SROs about the scope and ambition for more back-to-back tours, and about how performance in the SRO role will be assessed and is relevant to career paths. For civilian SROs the Department should include specific comment on the scope for more use of fixed-term assignments to ensure that SROs are suitably invested for in the long-term.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department has multiple initiatives underway to address the challenge of building the right capacity and capability in the commercial function and project delivery communities to enable effective contract management and drive improved programme leadership and delivery.

5.3 On the commercial side this includes mechanisms to hold strategic suppliers to account for their conduct and performance and allow concerns to be rapidly escalated, supported and enabled by Strategic Partnering Managers and Crown Commercial Representatives; the roll out in Defence of the Cabinet Office's Contract Management Capability Programme; the requirement for all delegated commercial staff to meet a professional training and accreditation standard. That standard includes all Grades 7 and above (and equivalents) passing a Cabinet Office Assessment and Development Centre.

5.4 As part of the Project Delivery Functional Strategy a comprehensive programme of work is underway to build and support the department's SRO cadre. This includes recognition of the impact of changes in programme leadership on delivery and an expectation that tenure is considered in appointment recommendations; a drive to increase the time commitment for SROs; use of the department's SRO selection decision support tool to inform appointment recommendations and ensure the capabilities of the SRO and supporting team match the challenges of the programme; and development of an SRO talent pool to ensure the department has the appropriate capacity of Senior Project Leaders.

5.5 The department will write to the Committee setting out more details by 6 June 2022.

6: PAC conclusion: The Department continues to be unclear about what additional capability the taxpayer will get from the extra £16.5 billion in the 2020 Spending Review.

6: PAC recommendation: The Committee expects to see absolute clarity in the Equipment Plan 2021–2031 about what additional capability the Armed Forces is getting for the additional £16.5 billion and how it has secured the long-term affordability of the Plan. It should clearly distinguish between new capabilities and those already in development.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The recent publication of the [Equipment Plan 2021-2031](#) demonstrates an affordable plan, providing a robust and comprehensive breakdown of defence equipment spending decisions, in line with aims and priorities outlined in the Integrated Review. The plan distinguishes between funding allocated to address the previous deficit and that which will be invested into new capabilities.

6.3 The report gives a reliable picture of the new capabilities added to the plan, including the next phase of development of the Future Combat Air System (FCAS), a new shipbuilding programme, E7 Wedgetail, and F-35 additional buys. The report gives the fullest account yet of the investments and savings made, offering a clear distinction of spending on new capabilities and where funding has been used to address a previous deficit.

6.4 Capability modernisation and retiring older legacy equipment remains a key priority for the Equipment Plan 2021-2031. The plan demonstrates a continued commitment to maximising investment in new equipment, which places us in a better position to meet emerging threats in a competitive technological age.

6.5 This commitment to clarity will remain a continued focus when producing the Equipment Plan 2022-2032, which is expected to be published in Autumn 2022.

Twenty-Third Report of Session 2021-22

Department of Health and Social Care

Test and Trace - Update

Introduction from the Committee

NHS Test and Trace Service (NHST&T) was set up in May 2020 as part of the Department of Health and Social Care (the Department). It provides: COVID-19 polymerase chain reaction (PCR) testing, where results are processed in laboratories, primarily for people with symptoms; and lateral flow device (LFD) testing, which give results in around 30 minutes and are used to identify people with COVID-19 who are not showing symptoms. Working with local authorities, it contacts people who have tested positive and their recent contacts to advise them to self-isolate, as well as providing telephone monitoring and support during the self-isolation period. It also supports the UK's work on genomic sequencing of some PCR tests to track variant forms of COVID-19 and carries out other research and data analysis through the Joint Biosecurity Centre. NHST&T estimates that it spent £13.5 billion in 2020–21, an underspend of £8.7 billion against its budget. By the end of May 2021, NHST&T had dispatched 691 million lateral flow tests, with 96 million (14%) results registered. On 24 March 2021, the government announced that NHST&T would form part of the newly created UK Health Security Agency (UKHSA). This transition is due to be complete by the end of October 2021.

Relevant reports

- NAO report: [Test and Trace in England - Progress Update](#) – Session 2021-22 (HC 295)
- PAC report: [Test and Trace - Update](#) – Session 2021-22 (HC 182)
- [HC 1053 – Department of Health and Social Care Annual Report and Accounts 2020-21](#)
- [Treasury Minute](#) – January 2022 (CP 603)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP603), the remaining recommendations are updated below.

1: PAC conclusion: NHST&T has not achieved its main objective to help break chains of COVID-19 transmission and enable people to return towards a more normal way of life.

1: PAC recommendation: UKHSA should set out in detail its objectives and the impacts it aims to secure, and publish, by the end of December 2021, a performance management framework which:

- **supports delivery of a comprehensive plan of activities to deliver its overall objectives;**
- **includes specific published targets and metrics for each major area of activity; and**
- **captures speed, reach and compliance measures across the whole test and trace process from experiencing symptoms to complying with requirements to self-isolate.**

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2022

Original target implementation date: Spring 2022

1.2 The government does not accept the Committee's conclusion that NHS Test and Trace had not helped to break chains of transmission nor enabled people to return to a more normal way of life.

- In September 2021, the government published the [Canna Model](#) which estimates that, since August 2020, the transmission reduction from test, trace and self-isolation varied over time from 10% to 28%.
- In its [COVID-19 Response: Summer 2021](#), the government set out how continued take-up and compliance with the test, trace and isolate system would be essential to supporting the country in living with the virus through autumn and winter,
- In its [COVID-19 Response: Autumn and Winter Plan 2021](#) confirmed that the test, trace and isolate system is reducing the number of positive cases mixing in the community.
- In February 2022 [COVID -19 Response: Living with Covid](#) set out how England was to move into a new phase of managing COVID-19.

1.3. Funding from the Spending Review 2021 for the financial year 2022-23 has now been agreed, along with initial planning assumptions for the subsequent two years. UK Health Security Agency (UKHSA) is now in a position to develop and publish its three-year strategic and annual business plan. In accordance with the [Framework document between the Department of Health and Social Care and the UK Health Security Agency](#), these plans will set out how it will use the resources it receives to achieve the objectives set for it and contain key targets and milestones linked to budgeting information. The UKHSA's first strategic plan will cover the years 2022-23 to 2024-25 and business plan 2022-23. These will be published in Summer 2022.

3: PAC conclusion: NHST&T has focussed on getting programmes up and running and paid less attention to ensuring these programmes delivered the benefits they promised.

3: PAC recommendation: UKHSA should clearly set out how it plans to deliver the benefits expected from the funding it receives from the forthcoming spending review. This should be informed by an evidence-based understanding of the actual benefits delivered by its major areas of spending to date, as measured against the intended outcomes.

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2022

Original target implementation date: Spring 2022

3.2 The UKHSA developed and published the [Canna Model](#) which estimates the benefit of its programmes in terms of breaking chains of transmission and publish regular performance data on its programmes.

3.3 In the [Autumn Budget and Spending Review 2021](#) on 27 October 2021, the government allocated £9.6 billion over the period 2022-23 to 2024-25 for key COVID-19 pandemic programmes and related health spending, including a testing operation and essential surveillance managed by the UKHSA.

3.4 Now that this funding has been agreed, the UKHSA will receive an annual remit from ministers. The UKHSA will produce a three-year strategic and business plan, setting out how it

will use the resources it receives to achieve the objectives set for it across the full range of its activities. The UKHSA's first strategic plan will cover the years 2022-23 to 2024-25 and business plan 2022-23.

5: PAC conclusion: NHST&T's continued over-reliance on consultants is likely to cost taxpayers hundreds of millions of pounds.

5: PAC recommendation: UKHSA should write to the Committee by the end of November 2021 detailing how it will reduce its dependency on consultants and write to us again in March 2022 and June 2022 setting out its progress against this.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2022

5.2 The UKHSA [wrote to the Committee on 16 December 2021](#) and 27 April 2022 setting out how it has reduced its dependency on consultants.

5.3 The UKHSA continues to recruit civil servants to replace remaining management consultants as far as possible. Work is underway to determine the strategy for managing future health threats and this will provide the longer-term certainty to enable the UKHSA to develop a sustainable resource plan with the agility to flex resources to reflect changing priorities and demands.

5.4 The UKHSA will write to the Committee with a further progress update, as requested, in June.

6: PAC conclusion: UKHSA has still not set out how it would like to work with local authorities, leaving them little time to plan for the new approach.

6: PAC recommendation: The Department and UKHSA must urgently provide clarity to local government and other stakeholders about the future operating model. As part of this, it should ensure local authorities and other stakeholders have the resources to deliver their parts of the process. It should write to the Committee to provide an update on progress by the end of November 2021.

6.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

6.2 The UKHSA [wrote to the Committee on 16 December 2021](#) setting out how it would continue to work with local government, NHS, the devolved administrations, and other partners and stakeholders and how they are helping to design its future operating model. As set out in that letter, ways of working during the transition to the establishment of the UKHSA have remained in line with pre-existing arrangements to ensure continuity of approach in managing the response to COVID-19 pandemic.

6.3 In February 2022, the government published plans for [living with COVID-19](#), providing further detail through a [Written Ministerial Statement on 30 March 2022](#). Alongside each of these announcements, UKHSA wrote to all local authorities outlining the anticipated working arrangements for UKHSA and local partners in living with COVID-19, and what this means for local COVID-19 outbreak management. On 30 March 2022 UKHSA also confirmed that as local authorities are expected to return to supporting outbreak management as they did pre-pandemic, managing COVID-19 alongside other respiratory infections, no additional COVID-19 specific funding will be provided in 2022-23.

6.4 The UKHSA continues to engage directly with local authority chief executives, directors of public health, professional bodies and associated local partners. With the funding from the Spending Review 2021, the UKHSA is working with its local partners co-designing a future operating model through consensus.

Twenty-Fourth Report of Session 2021-22

Department for Transport

Crossrail: A progress update

Introduction from the Committee

Crossrail is a complex major programme to run new, direct rail services between Reading and Heathrow Airport at the western ends of the railway, to Shenfield in Essex and Abbey Wood in south-east London at the eastern ends. It is the world's first truly digital railway of its size and scale that will have no peers in the world. Construction work on the programme started in 2009 and tunnelling began in 2012. The majority of major construction work is complete and Crossrail Ltd is now transferring assets, such as stations, to Rail for London Infrastructure (RfLi) and London Underground who, along with Network Rail, will maintain and operate different parts of the railway. When complete, the railway will be around 73 miles (118 kilometres) long, stopping at 41 stations, including 10 new stations and 26 miles (42 kilometres) of new tunnels. Once Crossrail is open, it will become part of Transport for London's (TfL's) underground and overground rail network and be known as the Elizabeth line. The Department for Transport (the Department) and Transport for London (TfL) are jointly sponsoring the programme. Crossrail Ltd is an arm's-length body specifically created to deliver the programme and is wholly-owned by TfL.

This is the fourth time the Committee has reported on the Crossrail programme. The last two reports followed significant cost and schedule increases in 2018. When we last reported in July 2019, programme funding had increased by £2.8 billion to £17.6 billion, and Crossrail Ltd expected the central section of the railway to open between October 2020 and March 2021. Since then, Crossrail Ltd's estimate of the cost to complete the Elizabeth line has increased to £18.9 billion, 28% more than the £14.8 billion budget set in 2010. It expects to open the central section between February and June 2022, with full east-west services beginning either December 2022 or May 2023 to align with National Rail timetable changes.

Relevant reports

- NAO report: [Crossrail – A progress update](#) – Session 2021-22 (HC 184)
- PAC report: [Crossrail – A progress update](#) – Session 2021-22 (HC 299)
- [Treasury Minute](#) - January 2022 – Session 2021-22 (CP 603)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 603 above), the remaining recommendations are updated below:

3: PAC conclusion: It is not clear to passengers and businesses when the Elizabeth line will open or what services will be available.

3: PAC recommendation: Crossrail Ltd, TfL and the Department should develop a clear communication strategy to the public to explain when and what Elizabeth line services will be open.

- 3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Transport for London (TfL) has a clear and comprehensive communications strategy in place to ensure that the public are aware of when and what Elizabeth line services will open.

3.3 The Elizabeth line launched on 24 May 2022, opening the central section tunnel to passengers between Abbey Wood and Paddington. The Elizabeth line signage has been installed across the network and the latest tube and rail maps will be released in stations showing the new central section stations connected with the rest of the TfL network. Digital tools like Journey Planner has been updated to display new journey information.

3.4 The Elizabeth line will provide 12 trains per hour services and immediate benefits to passengers. On opening, TfL Rail services will be rebranded to the Elizabeth line in the west from Reading and Heathrow to Paddington, and from Shenfield to Liverpool Street in the east. Services will initially operate for 6 days a week to allow for engineering works to take place on Sundays and minimise disruption to passengers. It is expected that 7 day a week operation will start in September 2022.

3.5 In Autumn 2022, the next phase of opening will provide direct services from Reading, Heathrow and Shenfield into the central section. The final stage will start no later than May 2023 and will see full end to end services from Shenfield and Abbey Wood in the east to Heathrow and Reading in the west.

3.6 For future stages, TfL will continue to communicate details of the phased opening in external correspondence and have extensive plans for media and stakeholder engagement to continue to build awareness of the railway. Customer information and wayfinding signage installed on the TfL network for passengers for the launch of the new railway and will be regularly updated in line with the phased opening. The Department for Transport (DfT) and TfL will continue to work with stakeholders and Train Operating Companies on the wider rail network to update customer information and journey planning services as required to keep passengers informed of the new journey and better opportunities.

4: PAC conclusion: We are concerned that TfL and the Department do not have a plan to maximise the long-term, wider economic benefits of Crossrail.

4: PAC recommendation: TfL and the Department should publish a detailed plan before the central section opens for setting out how they intend to maximise the long-term, wider economic benefits of Crossrail, including:

- **what the benefits are;**
- **who is responsible for delivering them;**
- **the levers or support that TfL and the Department require to deliver these benefits; and**
- **how these benefits will be monitored and reported over time.**

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

4.2 TfL expect to publish the benefits framework in Summer 2022 which will provide an overview of the approach to maximising the benefits of Crossrail. TfL will update the framework as detailed activities are defined.

4.3 The department and TfL have continued work to develop its strategy to manage and maximise the benefits on Crossrail as well as study the impacts of the investment including both transport and wider economic impacts. The benefits framework outlines the activities the TfL Sponsor team will lead on, identifies the relevant benefit owners and partners, and

monitors and reports on the expected and wider benefits. Through discussion with the benefit owners, TfL and the Department will identify actions required to maximise the realisation of benefits and mitigate any unexpected disbenefits.

4.4 TfL has completed work on the Crossrail baseline evaluation study in collaboration with the department and expect to publish the baseline evaluation study reports in Summer 2022. It will provide an initial understanding of pre-opening impacts using comprehensive transport and economic baseline information collected during the study.

4.5 TfL has commenced the procurement of specialist support for the first post-opening evaluation study with a focus on transport impacts. The benefits framework provides more detail on the timeframes for future updates on post-opening evaluation exercises. The department has an important role in the post-opening evaluation, where it will provide expertise and guidance throughout the study.

Twenty-Fifth Report of Session 2021-22

Department for Work and Pensions

The Department for Work and Pensions' Accounts 2020-21 – Fraud and error in the benefits system

Introduction from the Committee

The Department for Work and Pensions (the Department) is responsible for the delivery of work, welfare, pensions and child maintenance policy. It serves over 20 million claimants and customers. In 2020–21, the Department spent £212.2 billion on benefits (£111.4 billion excluding State Pension). Benefit payments are susceptible to both deliberate fraud by organised crime groups and opportunistic individuals, and unintended error by claimants and the Department. Both claimants and the Department can also make mistakes, which leads to payments made in error. The Comptroller & Auditor General (C&AG) has qualified the Department's accounts every year since 1988–89 due to material levels of fraud and error in benefit expenditure. The C&AG qualified the Department's 2020–21 accounts for fraud and error in all benefits except State Pension. The Department overpaid £8.3 billion (7.5% of its benefit expenditure excluding State Pension) and underpaid £2.2 billion (2% of its benefit expenditure excluding State Pension) in 2020–21. The Department refers to this as a level of fraud and error of 3.9% across all its benefit expenditure, including State Pension.

The number of benefits cases that the Department needed to administer increased significantly as a result of the COVID-19 pandemic. The number of people on Universal Credit rose from 3 million in March 2020 to almost 6 million by March 2021. It managed this increase in caseload at the start of the pandemic in part by pausing some of the controls used to prevent fraud and error occurring. Since June 2020, the Department has started to adapt or reintroduce those controls.

Relevant reports

- NAO report: [DWP Annual Report and Accounts 2020-21](#) – Session 2021-22 (HC 422)
- NAO report: [Report on Accounts](#) – Session 2021-22
- PAC report: [The Department for Work and Pensions' Accounts 2020-21 – Fraud and error in the benefits system](#) - Session 2021-22 (HC 633)
- [Treasury Minute](#): January 2022 (CP 603)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 603 above), the remaining recommendations are updated below.

1: PAC conclusion: The scale of fraud and error in the benefit system has almost doubled during the pandemic from what was already the highest rate since records began.

1: PAC recommendation: We again recommend that the Department takes action to achieve a sustained reduction in fraud and error across all benefits. Alongside its Treasury Minute response, the Department must set clear targets for reducing fraud and error, by benefit and risk area, against which progress can be measured, and base these on its planned counter-fraud activities and investments.

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: To be confirmed
Original Target implementation date: Spring 2022

1.2 The department wrote to the committee in May 2022 setting out its position regarding targets for reducing fraud and error.

3: PAC conclusion: We are concerned by the Department's assertion that it will be unable to demonstrate a reduction in fraud and error in 2021–22.

3: PAC recommendation: The Department needs to demonstrate that its actions are reducing fraud and error. Working with the National Audit Office, it should ensure that by the time of its 2021–22 Annual Report and Accounts it has in place a framework for reporting which allows:

- **timely reporting of progress, in addition to the annual statistical estimate, to support more responsive action to fraud and error trends;**
- **a consistent basis for reporting how much money has been lost or saved for the taxpayer as a result of action to prevent fraud and error; and**
- **supplementary information on how much of the overpayments and underpayments have been detected and how much has been recovered or paid out in arrears.**

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

3.2 The Department for Work and Pensions (the department) is developing a framework for timely measurement of the monetary savings achieved by all fraud and error activities across the department, using readily accessible management information.

3.3 The department is undertaking quality assurance of the methodology, working both with internal analysts and with the Government Internal Audit Agency. An update will be provided in the Annual Report and Accounts.

3.4 Governance has been put in place to ensure that there is consistency in measurement of all the activities and increased transparency and scrutiny of the estimates.

3.5 The department is happy to share its workings and findings with the National Audit Office.

3.6 The department collects detected overpayments and recoveries data across all benefits and is assuring information collected on detected underpayments in Universal Credit.

5: PAC conclusion: The Department was taken by surprise by the significant rise in levels of Universal Credit fraud attributed to self-employment and capital declaration during the pandemic.

5: PAC recommendation: The Department should, within 6 months, set out its plan for tackling the emergent risks of overpayments as a result of capital and self-employment fraud. As part of this, it should clearly set out what it needs to achieve this, such as changes to its systems, additional staffing, access to data or legislative changes.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2022

5.2 The department has set out its plans for tackling the emergent risk of overpayments as a result of capital and self-employment fraud in both the spring statement [Economic and fiscal outlook - March 2022 \(obr.uk\)](#) (pg.208) and in the recently published [Fighting Fraud in the Welfare System](#) document.

5.3 A key part of the strategy to tackle capital and self-employment fraud and error is the department's proposed legislation to provide better access to third party data. This data will enable the department to proactively identify capital fraud from wider risk groups that are unknown to the department but visible in third party data, in particular banks.

5.4 Alongside the re-introduction of the minimum income floor and gainful self-employment test, the department continues to develop plans to further enhance the way self-employment fraud and error is tackled. The current focus is on communications and how the department asks for information as well as how to better explain what claimant's need to provide regarding expenses and earnings.

5.5 The department has been funded to implement a programme of targeted case reviews in Universal Credit to uncover and address fraud and error. This will greatly expand the department's knowledge of where capital and self-employment fraud and error is entering the system and ensure new efforts to prevent it occurring in the first place are best directed.

Twenty-Sixth Report of Session 2021-22

Department for Business, Energy & Industrial Strategy, HM Treasury and Cabinet Office

Lessons from Greensill Capital: accreditation to business support schemes

Introduction from the Committee

In Spring 2020, HM Treasury (the Treasury), the Department for Business, Energy & Industrial Strategy (the Department) and the British Business Bank (the Bank) developed several business support schemes to help businesses facing economic challenges as a result of the COVID-19 pandemic. These included the Coronavirus Business Interruption Loan Scheme (CBILS), which supported small and medium-sized businesses with a turnover up to £45 million, and the Coronavirus Large Business Interruption Loan Scheme (CLBILS), which was developed subsequently to support larger businesses with a turnover above £45 million. The loans provided to businesses under the schemes were delivered through commercial lenders such as banks and building societies. The Bank, acting as scheme administrator on behalf of the Department, was responsible for accrediting lenders. Under CBILS, lenders could provide loans up to £5 million; whereas CLBILS offered loans up to £50 million, or up to £200 million for lenders with additional accreditation. These loans attract an 80% guarantee: if the borrower does not repay the loan, the Government steps in and repays the lender 80% of the loan's value. In short, the Department and the Bank did not strike the correct balance between managing decisions quickly and protecting taxpayers interests.

Greensill Capital UK Limited (Greensill), a non-bank lender that entered administration on 8 March 2021, was an accredited lender under both schemes. During the accreditation of Greensill, the Department made several enquiries of the Bank, requesting updates on the status of Greensill's application owing to its relationship with the steel industry via financially struggling Liberty Steel, a part of the Gupta Family Group (GFG) Alliance. In October 2020, the Bank launched an investigation into Greensill's compliance with the CLBILS scheme rules. Greensill lent its maximum allocation of £400 million under CLBILS and £18.5 million under CBILS. The Bank was concerned that Greensill had issued seven CLBILS loans totalling £350 million to companies within the GFG Alliance, six of which were issued on the same day in September, appearing to flagrantly contravene the scheme's £50 million lending cap to groups. The Bank subsequently suspended the government loan guarantees while the investigation is on-going. In the meantime, the government is not obliged to pay Greensill in the event of borrower default. However, if the guarantee is reinstated and the borrowers default on Greensill's loans, the government will be exposed to a maximum liability of £335 million.

Relevant reports

- NAO report: [Investigation into the British Business Bank's accreditation of Greensill capital](#) – Session 2021-22 (HC301)
- PAC report: [Lessons from Greensill Capital: accreditation to business support schemes](#) – Session 2021-22 (HC169)
- [Treasury Minutes](#): January 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 603 above), the remaining recommendations are updated below.

3: PAC conclusion: The Bank's approach to due diligence in accrediting Greensill was woefully inadequate.

3: PAC recommendation: The Bank should, by the end of February 2022, review its accreditation process, particularly for non-bank lenders and write to us with the results. The review should include the Bank's approach to:

- **The principles applied to streamlining an accreditation process, and how post-accreditation checks seek to deal with any risks that arise as a result;**
- **challenging and verifying information lenders provide regarding who they plan to lend to, and whether their plans raise any red flags;**
- **alternative evidence sources, including information held by other government bodies such as the Financial Conduct Authority, the Prudential Regulation Authority, and departments; and**
- **revisiting accreditation decisions in the event of material changes to a lender's or recipients' circumstances with the option to revoke guarantees.**

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 [The British Business Bank wrote to the Committee on 2 March 2022](#), setting out the results of the Bank's review of its accreditation processes and adjustments made for the approach taken to accrediting lenders for the Recovery Loan Scheme. The Bank continues to keep its accreditation processes under review to ensure they are appropriate in the context and sufficiently robust.

5: PAC conclusion: We are concerned that the Bank's investigation into Greensill has progressed much more slowly than we would expect given the seriousness of the potential breach.

5b: PAC recommendation: The Bank should write to the Committee as soon as the investigation has concluded with the outcome it has reached and how it will apply any lessons learned. We expect the lessons learned to include, but not be limited to:

- **how better sharing of information between public bodies can be achieved;**
- **the correct balance between pre-accreditation checks, and post-accreditation audits; and**
- **whether warning signs that lenders are under financial pressure – such as downgrades in credit ratings – amount to a notifiable event that should result in the Bank re-considering past accreditation decisions**

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The British Business Bank has updated the Committee on the status of its investigation into Greensill's lending.

5.3 The Bank addressed the Committee's questions relating to the accreditation process and information sharing in [the letter issued to the Committee on 2 March 2022](#) in response to recommendation 3. As set out in [the original Treasury Minute response](#), the Bank intends to address any outstanding questions as part of its response to recommendation 7.

6: PAC conclusion: The Department's enquiries of the Bank during Greensill's accreditation created a damaging perception of interference, though the Bank asserts that this did not affect its judgement.

6a: PAC recommendation: Alongside its Treasury Minute response, the Department should write to the Committee within three months setting out the principles it will apply to future correspondence with the Bank on matters for which the Bank is operationally independent, to minimise any future perception of influence.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2022

6.2 [The Shareholder Relationship Framework Document](#) is being updated. As part of this process, consideration has been given as to whether any changes are required on the matter of operational independence with respect to the British Business Bank's 'Service Arm' activity, including with respect to correspondence between the department and the Bank in relation to the delivery of such activity. The department will write to the Committee on the outcome of its considerations in due course and the revised Shareholder Relationship Framework Document will be published once finalised.

6b: PAC recommendation: The Treasury should, jointly with the Cabinet Office, set out cross-government principles to create a more routine and transparent way of sponsoring bodies making enquiries of its arms-length bodies.

6.3 The government agrees with the Committee's recommendation.

Recommendation implemented

6.4 The Cabinet Office has developed a new '[Sponsorship Code of Good Practice](#)', which was published in May 2022. The Code sets out the core capabilities and minimum expectations of departmental sponsorship teams as well as providing examples of sponsorship 'best practice'.

7: PAC conclusion: The Government has not yet identified the lessons it will take from its accreditation of Greensill or from its COVID-19 business support schemes.

7: PAC recommendation: The Treasury, the Department and the Bank should jointly work to identify the lessons that need to be learned from its COVID-19 business support schemes and Greensill's accreditation in particular. By July 2022 they should publish a full lessons-learned report on these schemes, outlining how each lesson will be implemented. This will enable it to be better prepared for any future economic shock.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

7.2 The first evaluation report for the COVID-19 loan schemes is due to be published in Summer 2022. The report is focused on a process evaluation and an early impact assessment. Work is underway to produce a report capturing lessons learned across the schemes, drawing on insights from the first evaluation report, and the expectation is that this will be completed by Summer 2022.

Twenty-Seventh Report of Session 2021–22

Department for Business, Energy & Industrial Strategy

Green Homes Grant Voucher Scheme

Introduction from the Committee

The government aims to achieve net zero carbon emissions by 2050. Buildings account for around 19% of all UK greenhouse gas emissions. To reduce emissions from homes the government wants consumers to use less energy, make greater use of green heating systems (alternatives to gas and fossil fuels) and for home heating to be more efficient. The Department for Business, Energy & Industrial Strategy (the Department) has overall responsibility across government for achieving net zero. In July 2020, as part of the government's 'green recovery' from the pandemic, the Chancellor of the Exchequer announced the Department's Green Homes Grant Voucher Scheme (the Scheme) with funding of £1.5 billion made available. The Scheme offered homeowners the opportunity to apply for up to £5,000 funding (£10,000 for low-income households) to install energy efficiency improvements and low carbon heat measures in their homes, such as insulation, heat pumps, energy efficient windows and doors, and heating controls. Homeowners were expected to identify a certified installer and apply for vouchers with the installer receiving the grant funding once they had fitted the measure.

The Scheme opened to voucher applications from the public in September 2020. In November 2020, the Department announced that the Scheme would be extended from March 2021 to March 2022. At about this time, however, evidence began to emerge that the Scheme was not issuing vouchers as quickly as expected and consequently homeowners and installers were starting to raise concerns. On 27 March 2021, the Department announced it would close the Scheme to applicants as originally planned at the end of March 2021.

Alongside the voucher Scheme, the Department also launched a series of building decarbonisation schemes delivered through local authorities, including the Green Homes Grant Local Authority Delivery Scheme and the Social Housing Decarbonisation Fund Demonstrator, which were aimed at domestic properties, and the Public Sector Decarbonisation Scheme, aimed at non-domestic public sector buildings.

The Department has recently announced plans to introduce a Boiler Upgrade Scheme, to support the transition from gas boilers to heat pumps in buildings. This is part of its wider Heat and Buildings Strategy that sets out its longer-term plans to achieve building decarbonisation in the United Kingdom, which itself is part of Government's ambitions to reach Net Zero by 2050.

Relevant reports

- NAO report: [Green Homes Grant Voucher Scheme](#) – Session 2021-22 (HC 302)
- PAC report: [Green Homes Grant Voucher Scheme](#) – Session 2021-22 (HC 635)
- Treasury Minute: [February 2022](#) – Session 2021-22 (CP 631)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 631 above), the remaining recommendations are updated below:

1: PAC conclusion: *The Department's failure to deliver a viable scheme has damaged confidence in its efforts to improve energy efficiency in private domestic homes.*

1: PAC recommendation: The Department needs to regain the confidence of consumers and industry if it is to realise the ambitions set out in the recently published Heat and Buildings Strategy. Alongside its Treasury Minute response to this report, the Department should:

- **set out the measures it will use to assess whether consumers are indeed opting to install measures to decarbonise their homes at a rate consistent with delivery of net zero; whether the supplier market is building its capacity quickly enough to match likely demand and, in particular whether sufficient steps are being taken to train the number of skilled workers that will be needed to install these measures;**
- **spell out the interim milestones by which future progress should be judged; and**
- **commit to reporting not only what has been done but also measures of what still needs to be done to deliver net zero, for example the number of homes in the UK yet to meet the expected insulation and heating standards.**

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2022

1.2 The Department for Business, Energy & Industrial Strategy (the department/BEIS) has monitoring and evaluation plans to assess demand and wider market changes across its decarbonisation schemes. On the Boiler Upgrade Scheme for example, scheme administrator Ofgem will collect and publish scheme application data, broken down into key metrics and the department will keep scheme demand under constant review.

1.3 The department is working closely with industry to increase capacity and grow supply chains, driving progress through forums such as the Green Jobs Delivery Group and the Green Jobs Taskforce. BEIS is working with training providers and Department for Education to encourage more upskilling and training through the £2.5 billion National Skills Fund, Green Skills Bootcamps and developing a new low carbon heating apprenticeship.

1.4 Progress on the Heat and Buildings Strategy will be judged against the strategy's 25 key commitments. These include the ambition to end the sale of new and replacement gas boilers by 2035, installing 600,000 heat pumps annually by 2028 and reducing public sector buildings emissions by 75% by 2037. This accompanies and complements the annual public reporting against the heat and buildings commitments in the Net Zero Strategy. The English Housing Survey published in December 2021 reported that 46% of homes were EPC C or above. The government also closely track fuel poverty, with comprehensive statistics published annually. Each of the department's schemes have project-level delivery milestones, monitored in line with the standard project delivery framework, regularly reporting on progress at departmental, cross-Whitehall and Ministerial levels, including on delivery of expected outcomes and projected carbon emissions savings.

2: PAC conclusion: Despite clear warning signs, the Department proceeded with an unrealistic implementation timescale for the Green Homes Grant Voucher Scheme.

2: PAC recommendation: The Department should:

- **set out how it will improve its approach to testing and assuring the readiness of new programmes; and**
- **where the Department is unable to take these actions, consider requesting a Ministerial Direction, bearing in mind its obligations under Managing Public Money to have regard for the feasibility of what is being proposed.**

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2022

2.2 Work to reinforce the team responsible for the control environment for investment appraisal continues, supported by the new Head of Project Delivery Profession and new Implementation and Delivery directorate.

2.3 The department has increased the pace of the Delivery Transformation Programme (DTP) to improve delivery capability across the Department. DTP has created a new BEIS Project Delivery Lifecycle - as part of the BEIS Project Delivery Framework (BPDF) – which includes details and recommendations on best practice for project initiation. The BPDF is being developed further with more detail, templates and best practice being implemented during 2022.

2.4 All BEIS Portfolio Projects continue to implement Infrastructure and Projects Authority (IPA) standard gateway reviews prior to the submission of Business Cases to the Project Investment Committee which reports to the Executive Committee. This exceeds the IPA minimum of Government Major Projects Portfolio projects only. It is rare within government and other departments do not generally require this level of scrutiny. The department undertakes these reviews as it sees independent assurance as a key factor in investment decisions to support Senior Responsible Owners in successful delivery.

2.5 The number of Business Cases submitted to the Projects Investment Committee without relevant assurance is a metric in our Outline Delivery Plan to help improve compliance. To support the substantial increase in inhouse delivery, the department's Integrated Assurance and Approval Framework (HM Treasury required element of our governance framework) is being refreshed prior to the new financial year. It will include increased costs of non-compliance with the established requirements.

4: PAC conclusion: The creation of jobs was a priority for the Scheme, but the Department failed to maximise its impact on employment.

4: PAC recommendation: In planning and implementing the new Boiler Upgrade Scheme, the Department should engage closely with potential suppliers to properly understand the challenges they may face to scale up, including training sufficient numbers of appropriately skilled workers, and ensure the availability of suppliers across the country.

If the Department sets an objective to create jobs it should put in place robust processes for measuring the number of jobs actually created rather than just rely on estimates derived from economic modelling.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2023

4.2 Job creation will be a benefit of the Boiler Upgrade Scheme (BUS), due to the increased installation numbers that we expect to be delivered. The Electrification of Heat Task Group (EoHTG) met in March, providing industry with an update on progress of the BUS and agreeing a set of actions to support the availability of installers to deliver the scheme. Industry has again confirmed there is enough training capacity to be able to comfortably meet demand for heat pump upskilling, as heat pump deployment increases in line with net zero targets.

4.3 The government is working with industry to ensure upskilling training is taken up. For example, members of the EoHTG have agreed to work towards industry upskilling at least 2,000 additional installers in 2022 (in line with expected demand).

4.4 Industry stakeholders have expressed confidence in their ability to deliver the target installations in year one of BUS based on existing installer numbers and planned training. It should be noted that actual deployment levels will depend on scheme demand. Over a 12-month period between 2021-2022, 1270 Microgeneration Certification Scheme (MCS) certified installers carried out approximately 37,000 installations of low carbon heat technologies. Following the launch of BUS, the department will monitor the number of installers registered to the scheme and we will utilise data from the MCS to monitor numbers of trained and certified installers, in order to evaluate the scheme's impact on employment and supply chain growth.

Twenty-Eighth Report of Session 2021-22

HM Treasury and the Cabinet Office

Efficiency in Government

Introduction from the Committee

Government spending and borrowing has reached record levels since the end of World War Two. As part of its response, government is aiming to become more efficient in its management of the public finances. Improving efficiency in government means being able to spend the same or less to achieve the same or better outcomes. This year's Spending Review saw HM Treasury set resource and capital budgets for departments for the period 2022–23 to 2024–25—the first time it has set multi-year budgets since 2015. Ahead of the Spending Review, in April 2021 the Treasury asked government departments to set out where they might achieve efficiency savings of around 5%—a substantial amount. The Treasury worked with departments over the summer of 2021 to refine their plans. This follows a decade of previous efficiency drives, meaning departments are likely to have had to be more creative in how they attempt to improve efficiency. The multi-year component offers the chance to make plans which have more of a medium-term focus than a standard single year Spending Review.

Relevant reports

- NAO report: [Efficiency in government](#) – Session 2021-22 (HC 303)
- PAC report: [Efficiency in government](#) – Session 2021-22 (HC 636)
- [Treasury Minutes - February 2022](#) (CP 631)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 631 above), the remaining recommendations are updated below.

4. PAC conclusion: Skills shortages in the civil service could compromise departments' ability to achieve efficiency savings.

4: PAC recommendation: HM Treasury needs to work with departments to understand the skills and capability required to deliver plans successfully, identifying any specialist and technical skills needed. The Cabinet Office should ensure, through its workforce planning, that there are enough resources and skills available to teams to deliver efficiency programmes and must write to us in six months on its progress in implementing the key measures within the Declaration on Government Reform.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Civil Service Human Resources will write to the Committee by the end of May outlining the latest on the Campus and Curriculum. The letter will cover the publication of [Better Training, Knowledge and Networks](#) in January 2021, which set out the ambition for a five strand curriculum and an underpinning physical and online campus. The Government Skills and Curriculum Unit has made significant progress on its goals. This includes the creation and implementation of the first universal Civil Service induction, with an expected 25,000 new civil servants going through this in 2022-23, the first ever set of Ministerial training masterclasses, the endorsement of the strategy for the Fast Stream post 2024, the publication of

the [Apprenticeships Strategy 2022-2025](#) and also the first domain specific cross-government training on climate change.

6. PAC conclusion: Government efficiency drives tend to be one-off events rather than being embedded as a continuous priority.

6: PAC recommendation: HM Treasury and the Cabinet Office should work jointly from the centre of government to consider how best to instil a culture of continuous improvement across government that lasts beyond this Spending Review process.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 As [announced](#) on 21 March 2022, the Chancellor will lead a new drive on efficiency, effectiveness and economy in government spending to ensure departments deliver the highest quality services at the best value. The Efficiency and Value for Money Committee will ensure the 5% efficiency target set at the 2021 Spending Review is met across government and scrutinise strategies to prevent fraud and error. The move is expected to save £5.5 billion, with the saving funding vital public services. The Efficiency and Value for Money Committee is jointly Deputy chaired by the Chief Secretary to the Treasury and Minister for Brexit Opportunities and Government Efficiency (Cabinet Office), ensuring join up in the centre of government.

6.3 The Prime Minister announced on Thursday 12th May 2022 the target of reducing Civil Service numbers to 2016 levels. This will require further efficiency and continuous improvement.

Twenty-Ninth Report of Session 2021-22

Home Office

National Law Enforcement Data Programme (NLEDP)

Introduction from the Committee

The Police National Computer (PNC) is the most important national police information system in the UK. Introduced in 1974, it is the main database for criminal records and is used daily by police officers across the UK's 45 police forces, and by a range of other organisations. The Police National Database (PND), which was introduced in 2011, is a national intelligence-sharing system used across police forces and other bodies such as the National Crime Agency. As these are both national systems, the Department has responsibility for their operation, maintenance, and replacement. In 2014 the Department decided that the existing PNC and PND systems should be replaced by a single, modern cloud-based system which would meet the evolving needs of its users and be more adaptable to future requirements. Consequently, it launched the National Law Enforcement Data Programme in 2016, with the aim of delivering the new system by 2020 at a cost of £671 million.

Relevant reports

- NAO report: [The National Law Enforcement Data Programme](#) – Session 2021-22 (HC 663)
- PAC report: [The National Law Enforcement Data Programme](#) – Session 2021-22 (HC 638)
- Treasury Minutes – [February 2022 \(CP 631\)](#)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 631), the remaining recommendations are updated below:

3: PAC conclusion: Working effectively with the police is critical to the delivery of NLEDS and other technology programmes, but it is not yet clear that the Department's new approach will resolve longstanding challenges in delivering national programmes for local forces.

3: PAC recommendation: The Department need to carefully monitor its new partnership approach to ensure it enables joint and timely decision-making with the police. The Department should write to the Committee in six months with an update on the new working relationship and whether further changes will be required.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The Home Office (the department) and policing have made excellent progress in embedding the new collaborative partnership approach within the National Law Enforcement Data Programme (NLEDP). This new Engagement Model encompasses a product centric delivery approach and enables policing to have an equal voice in steering delivery, leading to a more informed and collaborative relationship to deliver the Law Enforcement Data Service (LEDS). The NLEDP is acting as a pathfinder to inform the further development and implementation of this new way of working in preparation for extending this model to other Home Office Digital Data and Technology (DDaT) programmes in the near future.

3.3 While accountability for the successful delivery of the Programme remains with the senior responsible owner (SRO) and ultimately the accounting officer for the department, policing is now fully embedded in key roles and represented at all governance forums to facilitate effective, timely joint decision making within the Programme.

3.4 This ensures policing is able to provide more immediate business led direction and vision and have equal input to delivery decisions. This also enables policing to have involvement in every stage of decision making throughout the product lifecycle, and across all areas including strategy, data, technology, security and business change.

3.5 The department has established the Centre for Digital Design (CDD), a key function within the DDaT Police and Public Protection Technology (PPPT) directorate, which works with policing to monitor and evaluate the effectiveness and success of the Engagement Model within the Programme.

3.6 In addition, CDD continues to utilise the lessons learned from the NLEDP to further develop the strategy for adopting the Engagement Model, and product centric ways of working across the broader DDaT portfolio.

3.7 The department will continue to work closely with policing to evolve the Engagement Model. Indicators to date are positive and with a marked shift in performance of NLEDP from being in Reset during the first half of 2021 to now delivering quality products that provide real and immediate benefit to law enforcement.

4: PAC conclusion: The police must continue to rely on the PNC for another five years, despite the risks to its availability.

4: PAC recommendation: Alongside its Treasury Minute response, the Department should set out for the Committee how it will guarantee that police will be able to access the PNC service until NLEDS is ready. This should include a full assessment of the risks of continuing to run the PNC and contingency plans for failure. This plan should include a review point at which the decision to replace the PNC's operating system can be taken promptly.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: September 2022
Original target implementation date: August 2022

4.2 The department has undertaken an extensive range of activities to ensure the Police National Computer (PNC), a critical national infrastructure service, remains both accessible and fully operational for policing while its replacement the Law Enforcement Data Service (LEDS) is in development.

4.3 The current PNC Mainframe infrastructure is being replaced with newer mainframe hardware and software with work due to be completed by September 2022 enabling continued mainframe support to end of March 2026.

4.4 The department has also secured an extension of full support for the principal software and database through to March 2026 to co-terminate with the mainframe support agreement. This ensures that PNC remains fully available and supported for policing operations for the full duration of the LEDS programme delivery.

4.5 In parallel, the department has continued to develop a mitigation option as an alternative approach to continuing with NLEDP. This option is to Port to Linux and if deemed necessary, would move PNC from its existing Mainframe to a new Linux platform and to further extend the support of the PNC. The extension of the PNC support contract also

enables the adjustment of the date by which a decision must be taken, as to whether to pivot to Port to Linux, from August 2022 to August 2023.

4.6 The PNC Port to Linux re-platforming mitigation option is highly resource intensive and PNC intrusive. As such it is not possible to deliver both NLEDP and the Port to Linux mitigation option in parallel, nor within the same Spending Review settlement.

4.7 Should the decision be taken to invoke the Port to Linux mitigation option, it would be necessary to pause the delivery of NLEDP until the PNC re-platforming activities have completed. In addition, there will be no guarantee that work performed to date on NLEDP could be fully reused once PNC has been re platformed. This would likely therefore lead to a significant delay in delivering NLEDP and a significant increase in longer term delivery and PNC operating costs.

5: PAC conclusion: The Department does not yet have a plan for maintaining the PND and combining its data with NLEDS in future.

5: PAC recommendation: The Department should write to the Committee when it has an approved business case for the PND setting out its plan, milestones and budget for expanding the use of the PND and ensuring police will be able to access PND data via NLEDS.

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: September 2022

Original target implementation date: April 2022

5.2 Progress has been made on the Police National Database (PND) business case which has been reviewed and refined by key stakeholders including the NPCC Intelligence Portfolio. The Home Office Portfolio Delivery Board (PDB), whose role has been agreed by Home Office Ministers, and acts as a 'front door' for all new major projects coming into the Home Office Portfolio to ensure that they are properly scoped, resourced, risk assessed and set up for success has also reviewed the PND programme. Prior to Home Office Finance and Investment Committee (FIC) consideration of the business case, PDB has requested that the programme undertakes further work to:

- Ensure senior stakeholders are aligned behind the scope of the strategic transformation ambitions and fit with the other policing programmes being delivered in similar timelines.
- Better articulate the benefits including the changes that the new system will drive in policing.
- Provide further assurance of the financial model in terms of savings that will be made from cost avoidance, migration to shared services/platforms, and new capabilities.

5.3 Whilst this delayed consideration of the business case by FIC, the department considered it critical that the Programme will be confirmed as being set up on firm foundations, has the support of senior policing/law enforcement stakeholders and that there will be a robust and agreed benefits and finance case. In addition, the department is stabilising PND and refreshing obsolescent technologies while the business case is being developed.

5.4 The PND programme will provide an update to the Committee on its high-level plans, key milestones, and budget once its business case is approved by FIC in September 2022.

6: PAC conclusion: There is a risk that the Department still lacks the capacity to prioritise and deliver major digital programmes on time.

6: PAC recommendation: The Department must be realistic about how long it will take to deliver major programmes, given the skills and capabilities and funding available. It should require all SROs of major programmes to report annually on how they will manage any gaps between the skills and capabilities required to deliver and those available in their programmes. The Department should write to us in six months' time with an update on how this is being implemented.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The Home Office Portfolio and Project Delivery Directorate continue to work with all major programmes to assess the level of capability required to deliver and receive regular reports on project progress, risks, and vacancies.

6.3 These reports form the basis of risk-based discussions at the Portfolio Delivery Board which is attended by both the Infrastructure and Projects Authority (IPA) and a non-executive director.

6.4 The department has now strengthened its existing approach through the quarterly commissioning and assurance of longer-term strategic workforce plans that set out the required skills and capabilities to deliver these programmes, how these will be filled and how any gaps will be managed. This initially covered the Government's Priority Programmes as agreed with Ministers and was extended in June to all Government Major Projects Portfolio (GMPP) programmes and other Home Office critical projects.

6.5 This addition to assurance is informing centrally lead actions that increase organisational capability both through targeted bulk recruitment campaigns where skills are in most demand and through enhanced skills assessment and targeted learning and development to the current workforce.

6.6 The department is an early adopter of the IPA Project Delivery Profession accreditation scheme that both baselines our knowledge of the existing skill set of the workforce and highlights capability gaps. This informs the use of those strategic levers that address these areas.

Thirtieth Report of Session 2021-22

Cabinet Office

Challenges in implementing digital change

Introduction from the Committee

Digital transformation is business change bringing together data, processes, people and technology in new ways to fundamentally change how departments and other organisations serve and provide value to citizens. Responsibility for improving government's performance rests at the centre with the Central Digital and Data Office (CDDO) and the Government Digital Service (GDS), which are both part of the Cabinet Office. The CDDO, created in 2021, leads the digital, data and technology function of government and is responsible for strategy, standards, and capability development. The GDS has refocused its role on building products and services that help provide a simple, joined-up and personalised experience of government to the public. However, individual departments are responsible for the day-to-day delivery of their own programmes.

Relevant reports

- NAO report: [The challenges in implementing digital change](#) – Session 2021-22 (HC 575)
- PAC report: [Challenges in implementing digital change](#) – Session 2021-22 (HC 637)
- [Treasury Minute: February 2022](#) – Session 2021-22 (CP 631)

Update to the Government response to the Committee

Following the government's response to the Committee on this report: (CP 631 above), the remaining recommendations are updated below.

1: PAC conclusion: Too many senior government leaders are not equipped with the knowledge and know-how required for making good decisions and to drive digital business change.

1: PAC recommendation: The Cabinet Office should develop a robust and certifiable digital business change education process aimed at ministers, Departmental boards and senior civil servants and should make certification a pre-requisite for taking on key roles. The Department should provide an update to the Committee on progress in six months.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: August 2022

1.2 Training specifically aimed at Ministers and senior officials is being scaled throughout the 2022-23 financial year. The Data Masterclass for Senior Leaders (launched in December 2020) has now been delivered to over 4000 participants including ministers, special advisors, permanent secretaries and senior civil servants.

1.3 To raise foundational understanding of digital and data essentials at senior levels, the Central Digital and Data Office (CDDO) and Civil Service HR have defined a common standard for the digital, data and technology skills that senior civil servants require. This will be adopted in the 2022-23 financial year with associated assessment embedded into senior civil servant recruitment and performance management process. Associated learning is in development with the Government Skills and Curriculum Unit and will be deployed throughout the 2022-23 financial year.

2: PAC conclusion: There is no clear plan to replace or modernise legacy systems and data that are critical to service provision but are often old, unsupported, vulnerable and a constraint on transformation.

2: PAC recommendation: At the start of 2022 the CDDO should work with departments to map legacy systems across government to document what is there, why it exists and how critical it is. By the end of 2022 the CDDO should use this to produce a pipeline of legacy systems they have prioritised with milestones for action. This pipeline should be shared with the Committee.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: end December 2022

2.2 At the 2021 Spending Review, CDDO worked closely with HM Treasury to provide spending teams with expert input and advice on the prioritisation of Digital, Data and Technology (DDaT) spending bids submitted by departments, considering the particular challenges and investment needs being faced by departments. As a result, the government has committed to invest £2.6 billion in cyber and legacy IT over the Spending Review 2021 period. CDDO aims to implement this framework across ministerial departments by the end of 2022.

2.3 Building on this, CDDO is now working with government departments to establish a common methodology for identifying and prioritising legacy risk and ensure a systematic cross-government approach to legacy and risk moving forward. CDDO aims to implement this framework across ministerial departments by the end of 2022.

2.4 After implementing this framework, CDDO will work with departments to agree remediation and modernisation plans to address any unmitigated key risks and to reduce overall government exposure to risk from legacy systems. Departments' progress in delivering these plans will be monitored through regular DDaT Quarterly Business Reviews jointly chaired by CDDO and HM Treasury.

3: PAC conclusion: Departments have failed to understand the difference between improving what currently exists and real digital transformation, meaning that they have missed opportunities to move to modern, efficient ways of working.

3: PAC recommendation: The Cabinet Office and departments should introduce a structured way of deciding whether the changes they are making represent incremental improvements to existing systems, or a more transformational redesign of business processes. The Cabinet Office and departments should reflect this in the depth and rigour of the initial scoping and design of programmes.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: end December 2022

3.2 Through engagement with departments on Spending Review 2021 bid assurance, CDDO has been able to identify specific automation and transformation opportunities. CDDO is working to support these tactical interventions, while also developing a strategic approach to wholesale transformation.

3.3 CDDO has identified priority cross-government services where transformation would be most beneficial and will work with departments to refine this priority list. CDDO will also work with departments to develop criteria for a common definition of service excellence; measure ongoing service performance and track progress; and help prioritise services for

transformation. CDDO and GDS will then offer targeted interventions depending on the type and scale of improvements needed. To support this approach and drive transformation forward, CDDO has convened the cross-government Service Transformation Board, to bring together director and DG-level transformation colleagues to unblock and escalate issues and to promote transformation across departments.

3.4 On a broader level, wholesale digital transformation in departments will require significant, systemic change in government to remove institutional barriers and create the conditions for successful investment and delivery. CDDO is working with HM Treasury, the Infrastructure and Projects Authority (IPA), and colleagues across government to drive this change, by ensuring the funding, business and governance models are in place to support and incentivise modern, efficient and product-centric digital services. These systemic reforms will create a foundation and environment which facilitates investment in technologies, such as automation, which can be developed and utilised to enable both incremental and wholesale digital transformation to be realised.

4: PAC conclusion: Digital programmes often fail to have their own single programme office to support the programme director to align all aspects throughout the lifetime of the programme, including integration of legacy and future systems.

4: PAC recommendation: The Cabinet Office should develop guidance on how to approach legacy integration, and mandate rigorous and professional design, data and infrastructure controls and practices, with appropriate accountabilities.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: end December 2022

4.2 CDDO will work with departments to improve the management of large-scale programmes involving transition from legacy systems to new solutions. CDDO will monitor the cross-government legacy estate using the legacy framework, using insights from the framework to inform better decision making and collaborative approaches to address common causes, while also producing guidance for departments on how to execute legacy integration and transition effectively, drawing on experience and best practice from across government and industry.

4.3 Programmes will also be assessed on their alignment to the legacy framework and wider standards, for example Technology Code of Practice and Service Standard, as part of the Cabinet Office spend controls process. Many departments have already implemented single programme offices for digital programmes, which Cabinet Office work closely with, such as the Technology Sourcing Programme in HM Revenue & Customs, or the Prison Technology Transformation Programme in the Ministry of Justice.

5: PAC conclusion: Departments have failed to develop a modern professional approach to IT operations needed to support business change and transformation and have created an over-reliance on outsourcing.

5: PAC recommendation: The Central Digital and Data Office should set out what departments need to put in place to improve the maturity of departments' approach to IT operations and change including:

- **what the Intelligent Client Function should do;**
- **what influence Digital specialist leaders should have;**
- **who should be accountable and responsible for contracting; and**
- **the assurance mechanisms at the beginning and through the lifecycle.**

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

5.2 CDDO uses the [Technology Code of Practice](#) as the expected standard in the spend controls process, the commercial guidance (point 11) contains expanded information on departmental purchasing strategies and guidance on choosing when to build and when to buy technology. The Technology Code of Practice will be further enhanced with more granular technical architectures and corresponding processes, to ensure there are clearly defined approaches for common cross government solutions.

5.3 The DDaT and Commercial functions have created the [DDaT Playbook](#) to provide government policy and clear guidance on how to approach commercial delivery and procurement of digital products and services whilst maximising value for money. The playbook includes specific guidance on the roles and responsibilities of the functions.

5.4 CDDO will support departments to improve their overall digital maturity and approach to IT operations and technology change by publishing an updated DDaT Functional Standard and accompanying DDaT Assessment Framework. The Standard will outline best practice for how all digital, data and technology work and activities should be conducted across government. The Assessment Framework will enable departments to evaluate their maturity against the Standard, and the results of these assessments will be reviewed and discussed as part of CDDO's wider performance and maturity framework processes.

5.5 As departments mature a shift will be expected in the balance of in-house and outsourced skills with a focus on delivering a sustainable and agile workforce. This will be supported by increasing in-house talent through specialist development programmes - for example, the Graduate Technical scheme launched in the 2021-22 financial year.

6: PAC conclusion: There is a large gap between the demand for and supply of the digital specialists that government needs, and it is hard to get the right balance of in-house and outsourced skills.

6: PAC recommendation: The Central Digital and Data Office should write to us, within 6 months, setting out how it intends to measure progress against its capability strategy, and annually thereafter to report what progress it has made against those metrics.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

6.2 The government will measure departmental progress against their capability commitments using a series of mechanisms, including Quarterly Business Reviews, co-chaired by the Central Digital and Data Office and HM Treasury and leveraging data provided through the CDDO's Digital Dashboard process. A summary progress report will be shared with the Committee in Summer 2022. Annual reports will be provided thereafter.

Thirty-First Report of Session 2021-22

Department for the Environment, Food and Rural Affairs

Environmental Land Management Scheme

Introduction from the Committee

For more than 40 years, the farming sector has been supported by subsidies through the European Union's Common Agricultural Policy (CAP). English farmers receive around £2.4 billion annually. In recent years, around four-fifths of this were provided as direct payments based primarily on the amount of land farmed. Following the UK's exit from the EU, the Department for Environment, Food & Rural Affairs (the Department) is introducing the Future Farming and Countryside Programme, which will focus on improving the environment, protecting the countryside, improving the productivity of the farming sector and improving animal health and welfare. The Department plans to reduce the amount of money provided to farmers through direct payments each year from 2021 and remove them entirely by 2027. The resulting funds will be used to provide environmental benefits instead. The Environmental Land Management (ELM) scheme is the most significant of the new schemes being introduced.

The scheme will have significant implications for the farming sector. Over a third of farmers would have made a loss over the last three years without direct payments. It is also a crucial part of the Department's plans to achieve the wider environmental objectives of the government's 25-Year Environment Plan and to meet government's net zero target by 2050. ELM will pay farmers for actions to improve the environment. It will consist of three components, each of which is planned for full launch in 2024. In the meantime, the first component, the Sustainable Farming Incentive (SFI), is being piloted in 2021 and the Department plans to begin roll-out in 2022. This initial roll-out of SFI is intended to allow farmers to start earning income for providing environmental benefits as the current system of direct payments start to be phased out. Farmers and other landowners will also have access to other schemes funded by the removal of direct payments, including programmes focussed on promoting productivity such as the Farm Resilience Scheme.

Relevant reports

- NAO report: [The Environmental Land Management scheme](#) – Session 2021-22 (HC 664)
- PAC report: [Environmental Land Management Scheme \(parliament.uk\)](#) – Session 2021-22 (HC 639)
- Treasury Minutes: [Environmental Land Management Scheme](#) – February 2022 (CP 631)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 631) the remaining recommendations are updated below.

1: PAC conclusion: The Department is over-optimistic about what it will be able to achieve by when, resulting in repeated delays and uncertainty over the delivery timetable for ELM.

1: PAC recommendation: The Department should report to the Committee early in 2022, and annually thereafter, with an assessment of the deliverability of its plans for farming. This should include both the elements to be rolled out in the short term, and longer-term plans for the overall approach to land management in England.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Environment, Food & Rural Affairs (the department) [wrote to the Committee](#) on 7 April 2022 confirming confidence in delivery plans for farming. This was supported by publication, on 30 March 2022, of [final SFI scheme information for 2022](#), including the standards and payment rates, technical guidance and scheme rules. This will allow farmers time to adjust before the scheme opens for applications later this year. More information about the scheme standards for 2023/24 will be published later this year, timing is dependent on further discussion with ministers. These standards will allow farmers claim payment based on wider range of activities that contribute to environment and climate outcomes alongside food production.

1.3 Following the publication in January 2022, of information for two other environmental land management schemes: [Landscape Recovery](#) and [Local Nature Recovery](#), the application window for the first round of Landscape Recovery projects opened on 1 February 2022 and associated [guidance](#) was made available to farmers. Details of the next round of Landscape Recovery projects will be published in due course. For Local Nature Recovery, more detailed information on how the scheme will work will be published during 2022, including options and payment rates, so that farmers can plan ahead. The department plans to make an early version of the Local Nature Recovery scheme available to a limited number of people in 2023 as part of plans for testing and rolling out further.

1.4 The government also published updated payment rates for Countryside Stewardship in 2023 and opened the application window in February 2022 as planned. One further round of Countryside Stewardship applications will be offered in 2023, for agreements to start in 2024. After that, all new agreements will be through the environmental land management schemes. This timescale was published in the Agricultural Transition Plan in November 2020 and the department is on track to deliver.

2: PAC conclusion: The Department has not established the metrics that it will need to determine whether ELM is contributing towards the government's environmental goals.

2: PAC recommendation: The Department should develop clear metrics, and establish robust baseline measures, to allow it to assess the operational effectiveness of ELM and ensure these are published before the start of roll-out in 2022. It should report against these metrics annually to enable Parliament and the public to determine what progress it is making towards meeting the objectives set out in the Government's 25 Year Environment Plan.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: January 2023

2.2 Further to the key aims for the schemes that were published at the start of 2022, the government is developing a wider set of environmental objectives that the Future Farming & Countryside Programme, which includes the ELM schemes, will aim to meet. These are being developed alongside the statutory Environment Act targets.

2.3 This includes how the programme contributes to the interim and long-term environmental targets being developed under the Environment Act 2021, the wider 25 Year Environment Plan goals and Carbon Budget 6 for the Net Zero pathway.

2.4 The government has started work on the first review of the 25 Year Environment Plan, due for completion in January 2023. This refreshed plan will set out how the department

expects to achieve its environmental goals and meet its long term and interim targets, including the expected contribution from the Future Farming & Countryside Programme.

3: PAC conclusion: We are not convinced that the Department sufficiently understands how its environmental and productivity ambitions will impact the food and farming sector over the next decade.

3: PAC recommendation: The Department should urgently explain to the Committee, showing its forecasts both for changes in land use and resulting changes in payments to farmers, how it expects its farming programmes to affect food production and farm productivity in England and report annually to Parliament on the level of food price inflation together with any changes to the proportion of the food we consume that is produced in the UK, which was 53% in 2018.

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: July 2022

Original target implementation date: end of March 2022

3.2 The government will publish an update to the [2019 Farming Evidence Compendium](#) by July 2022 to reflect income levels prior to Agricultural Transition and set out routes through which farm businesses can improve productivity and profitability, supported by department schemes. The timeline for publication has been impacted by rapidly changing market dynamics linked to the conflict in Ukraine which the government continues to monitor.

3.3 Increased agricultural productivity is a key objective of the Future Farming and Countryside Programme. Farming Investment Fund and the Resilience Fund will contribute towards the department's farm business productivity objective. Some structural change in the industry is anticipated, for example, a small number of farmers are expected to take up the Lump Sum Exit scheme, which also aims to boost productivity levels of the agriculture sector with freed up land being utilised by expanding productive farmers or new entrants.

3.4 Achieving environmental outcomes set out in the 25 Year Environment Plan and net zero ambitions requires some change in how agricultural land is used. Through ELM schemes, the government is predominantly supporting farmers to produce environmental outcomes on less productive areas of their land or through farming activities, alongside existing food production. Where a change in land use is warranted, this is expected to be managed in a way that mitigates impacts on food production at a national level.

3.5 UK food self-sufficiency and food price inflation is reported annually and was last updated on 24 March 2022 in the [Food Statistics Pocketbook](#).

4: PAC conclusion: Despite committing to delaying the early stages of SFI if either the Department or farmers were not ready, the Department has not specified what would trigger such a delay.

4. PAC recommendation: In line with its Treasury Minute response, the Department should write to us by the end of February 2022 to confirm how it is assuring its own and farmers' readiness at each stage of the Programme, and specify what would trigger a delay and when, allowing sufficient lead time to allow farmers to plan for a delayed launch. In the meanwhile, it should inform the Committee immediately if any issues with the timetable arise

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The government [wrote to the Committee](#) on 1 March 2022 confirming that no delays are anticipated to established timelines for delivery of schemes and will inform the Committee immediately if any issues were to arise.

4.3 As is expected with a Programme of this size, robust decision making, and assurance procedures embedded and owned by the Senior Responsible Officer, Programme Director and RPA Chief Executive.

4.4 The department's governance forums assure delivery progress across the Programme, chaired by relevant representation from our Leadership Team and with memberships incorporating key enabling functions (finance, commercial), interdependent policy (animal health, environment, agri-food), and delivery partners, (Digital Data Technology Services, Arm's Length Bodies). They are supported by scheme specific groups that monitor progress at regular stages of development, reviewing delivery plans, challenges, and dependencies. Operational Readiness is assessed jointly with delivery partners before approval of scheme launches.

4.5 The department works with a wide range of farming groups and intermediaries to engage with and inform members about new schemes. Outside of these groups, to widen reach, farming trade media is also utilised. All BPS recipients in England were sent a copy of "Farming is Changing" in 2021 and an updated version will follow later this year.

4.6 The department continues to co-design new schemes and offers, engaging farmers and land managers to input to development of policy from the outset. The department routinely seeks feedback from farmers and stakeholder organisations at agriculture events; 85% of farmers who responded to the department's opinion survey (October 2021) stated that environmental schemes will be increasingly important for their businesses in future years. There has been positive early take-up of productivity grants, SFI Pilot and a 40% increase in applications for Countryside Stewardship agreements this year.

5: PAC conclusion: The Department has not yet done enough to gain farmers' trust in its ability to successfully deliver the programme.

5: PAC recommendation: The Department should review its entire communications strategy and report to us by the end of March 2022 on the improvements it is making.

The Department should also set out how it will incentivise young farmers both to enter, and to remain, in the industry.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department [wrote to the Committee](#) on 7 April 2022 with a response to this recommendation.

5.3 The department has a comprehensive communications and engagement strategy in place, which is regularly reviewed and refined based on best practice, feedback, and learning. The department is engaging more closely with a wider group of stakeholders using a range of digital and non-digital channels and direct communications, to ensure all farmers are reached.

5.4 The first pilot launched successfully (meeting take-up target); various Farming Investment Fund grants were significantly oversubscribed; applications for Countryside

Stewardship have increased by 40%; more than 3,000 farmers have participated in tests, trials and co-design activities outside of the formal Pilot. The government recognises there is more to do and has adapted its communications and engagement strategy this year to focus on farmers' needs.

5.5 The government recognises that incentivising young farmers to enter and to remain in the industry is vital for a sustainable and productive agriculture sector. The New Entrants Support Scheme will be focused on supporting talented new entrants, of any age who are starting up in farming and land-based businesses for the first time. The details for a pilot are currently being finalised and the department aims to launch this pilot in winter 2022. New ELM schemes are also being designed with a view to incentivise young and new entrants to participate.

5.6 The department regularly engages with a range of young farmer/new entrant groups and organisations including the NFU Next Generation Policy Forum, National Sheep Association Next Generation, a range of Retailer Young Farmer Groups and the National Federation of Young Farmers Clubs. The department is contributing towards the establishment of a new professional body for the farming industry – The Institute for Agriculture and Horticulture. Anticipated to launch in Summer 2022, it will aim to enable the industry to drive greater uptake of skills, create clear career development pathways and promote the sector as a professional and attractive career choice.

6: PAC conclusion: The Department is not doing enough to support farmers through the transition to the new schemes and alleviate any anxiety its plans are causing.

6: PAC recommendation: The Department should identify what further support is needed to help farmers during the transition, including where farmers will face significant business challenges in the short term. The Department should particularly set out what it will do to support farmer's well-being through the transition.

6.1 The government agrees with the Committee's recommendation

Recommendation implemented

6.2 The current phase of the Resilience Support, which runs until September 2022, has provided free business advice to around 6000 farmers via 19 delivery partners.

6.3 Initial feedback from participants indicates that the support has been valuable, has helped them to identify alternative options to increase income and/or reduce costs, as well as diversify activities and income streams and consider options for succession planning.

6.4 This type of business support is expected to have a positive indirect impact on farmer wellbeing and providers are asked to operate signposting services to professional mental health and wellbeing support where appropriate.

6.5 The department has learned lessons from previous phases and expanded its offer to make support available to an estimated 32,000 farmers during the scale-up phase. The successful advice providers will be announced in July and support is expected to be available from October 2022 until March 2025.

6.6 There are now around 31,000 farmers and land managers (roughly 35% nationally) embracing agri-environment and forestry schemes as they prepare for the future. This year payment rates for these schemes have increased by an average of 30% to reward those already engaging and to send a strong market signal to farmers not currently in an agri-environment or forestry scheme, to consider joining [Countryside Stewardship](#), as well as the new Sustainable Farming Incentive.

6.7 The Rural Payments Agency (the agency) has [outlined](#) how it plans to reduce stress and improve the mental health of farmers. It has also highlighted how farmers can access free 24/7 telephone counselling support and other wellbeing support through farming help organisations.

Treasury Minutes Progress Reports Archive

Treasury Minute 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
June 2022	Session 2013-14: updates on 1 PAC reports Session 2017-19: updates on 27 PAC reports Session 2019-21: updates on 34 reports Session 2021-22: updates on 30 reports	CP 691
November 2021	Session 2013-14: updates on 1 PAC reports Session 2016-17: updates on 3 PAC reports Session 2017-19: updates on 33 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 47 reports Session 2021-22: updates on 5 reports	CP 549
May 2021	Session 2010-12: updates on 1 PAC reports Session 2013-14: updates on 1 PAC reports Session 2015-16: updates on 3 PAC reports Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 28 reports	CP 424
November 2020	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 reports	CP 313
February 2020	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 3 PAC reports Session 2016-17: updates on 14 PAC reports Session 2017-19: updates on 71 PAC reports	CP 221
March 2019	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 7 PAC reports Session 2016-17: updates on 22 PAC reports Session 2017-19: updates on 46 PAC reports	CP 70
July 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 9 PAC reports Session 2016-17: updates on 38 PAC reports Session 2017-19: updates on 17 PAC reports	Cm 9668

Publication Date	PAC Reports	Ref Number
January 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 4 PAC reports Session 2015-16: updates on 14 PAC reports Session 2016-17: updates on 52 PAC reports	Cm 9566
October 2017	Session 2010-12: updates on 3 PAC reports Session 2013-14: updates on 7 PAC reports Session 2014-15: updates on 12 PAC reports Session 2015-16: updates on 26 PAC reports Session 2016-17: updates on 39 PAC reports	Cm 9506
January 2017	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 7 PAC reports Session 2015-16: updates on 18 PAC reports	Cm 9407
July 2016	Session 2010-12: updates on 6 PAC reports Session 2012-13: updates on 2 PAC reports Session 2013-14: updates on 15 PAC reports Session 2014-15: updates on 22 PAC reports Session 2015-16: updates on 6 PAC reports	Cm 9320
February 2016	Session 2010-12: updates on 8 PAC reports Session 2012-13: updates on 7 PAC reports Session 2013-14: updates on 22 PAC reports Session 2014-15: updates on 27 PAC reports	Cm 9202
March 2015	Session 2010-12: updates on 26 PAC reports Session 2012-13: updates on 17 PAC reports Session 2013-14: updates on 43 PAC reports	Cm 9034
July 2014	Session 2010-12: updates on 60 PAC reports Session 2012-13: updates on 37 PAC reports	Cm 8899
February 2013	Session 2010-12: updates on 31 PAC reports	Cm 8539
July 2012	Session 2010-12: updates on 28 PAC reports	Cm 8387
January 2012	Session 2010-12: updates on 13 PAC reports	Cm 8271

