HM Treasury

Treasury Minutes Progress Report

Update of the Government responses to the Committee of Public Accounts on Sessions 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-19, 2019, 2019-21, 2021-22 and 2022-23

CP 765

December 2022

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, 2021-2022 and 2022-23

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Updates of the Government responses to the Committee of Public Accounts on Sessions 2010-12 to 2022-23

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

This is the 17th edition in the series of progress reports since Session 2010-12. Further details of earlier responses to the Committee's recommendations can be found within the reports listed under the relevant reports heading for each report.

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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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 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: from Autumn 2025
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.

1.3 In the absence of a multi-year deal within the near-term, the government will continue to seek opportunities to progress some elements of reform with a view to improving value for money and enhancing productivity.

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: from Autumn 2025
Original target implementation date: April 2016

2.2 There have already been extensive discussions between NHS Employers and the British Medical Association (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 It remains a DHSC ambition that consultants should be remunerated at nationally agreed rates, including for work conducting during hours that may currently be considered extra-contractual. The department is continuing to engage on the issue and will progress a contract that facilitates around-the-clock care as economic conditions permit in the future.

2.4 The national consultant contract sets out terms and conditions concerning medical consultant remuneration. Deciding upon remuneration levels that fall outside of the contract remains a judgement for employers.

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: from Winter 2022/23
Original target implementation date: April 2016

4.2 While an agreement was not reached with the British Medical Association (BMA) and Hospital Consultants and Specialists Association (HCSA) on reforming the Local Clinical Excellence Awards (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. This is expected to start to bring about improvements towards the end of this year which should increase over time as employers further develop new award schemes.

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.

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

Reports completed

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7	Managing debt owed to central Government
8	Crossrail
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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
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34	Financial sustainability of local authorities
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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
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42	Universal Credit
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44	Children in care
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4	Fraud and error stocktake
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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
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28	Access to general practice
29	Making whistleblowing policy work
30	Sustainability and financial performance of acute hospital trusts
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32	Transforming contract management: progress review
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35	Department for International Development – responding to crisis
36	Use of consultants and temporary staff
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Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2016-17

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5	Capital investment in science projects
6	Cities and local growth
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9	Service family accommodation
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17	Transforming rehabilitation
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20	Shared service centres
21	Oversight of arm's length bodies
22	Progress with the disposal of public land for new homes
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25	Uniting Care Partnership contract
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27	Managing government spending and performance
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30	St Helena Airport
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33	Troubled families – progress review
34	Syrian Vulnerable Persons Resettlement Programme
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36	Collecting tax from high-net-worth individuals
37	NHS treatment of overseas patients – progress update
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43	Financial sustainability of the NHS
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2	Brexit and the future of customs
3	Hinkley Point C
4	Clinical correspondence handling at NHS Shared Business Services
6	Growing threat of online fraud
7	Brexit and the UK border
8	Mental health in prisons
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
14	Delivering Carrier Strike
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
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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
38	Adult Social Care Workforce in England
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
44	Reducing emergency admissions
45	Higher education market
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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
71	Department for Health and Social Care accounts
72	Mental Health Services for children and young people
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
77	Defence Equipment Plan 2018-28
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
98	The apprenticeships programme: progress review
99	Cyber Security in the UK
101	Submarine defueling and dismantling
102	Military Homes
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
110	Sale of public land
111	Funding for Scotland, Wales and Northern Ireland
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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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government’s last response to the Committee on this report: (CP 691 above), one 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: Spring 2023
Original target implementation date: September 2018

2.2 In 2021-22 the total cost of clinical negligence claims managed by NHS Resolution was £2.4 billion. These rising costs are an important issue that government needs to tackle, and Ministers are considering next steps.

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. Responses are currently being considered.

2.4 The NHS Patient Safety Strategy being implemented by NHS England aims to improve the way NHS learns from harm and create a safety and learning culture across the NHS. The first Patient Safety Commissioner was appointed in July this year, the independent commissioner will act as a champion for patients and lead a drive to improve the safety of medicines and medical devices. Legislation has also been put in place to establish the Health Services Safety Investigations Body as an Arms-Length Body from April 2023, to investigate serious patient safety incidents in the NHS.

2.5 Maternity safety is a priority. In addition to the government's £95 million investment in 2021 to support maternity recruitment, training and safety improvement the government announced a further £127 million investment in 2022 which will go towards the maternity NHS workforce and improving neonatal care. In addition, a Special Health Authority will be set up from April 2023 to continue the maternity investigations currently undertaken by Healthcare Safety Investigations Branch.

2.6 In April 2022, NHS Resolution published a new three-year strategy which extends and enhances its focus on prevention, learning and early intervention following incidents of harm. NHS Resolution is committed to improve the claims process, including innovative approaches to dispute resolution. This work includes a number of pilots exploring various dispute resolution techniques which can result in faster resolution and reduced legal costs for both sides.

2.7 On 28 April 2022, the Health and Social Care Select Committee published its report from its inquiry into NHS litigation reform. The government welcomed this report and are currently assessing its findings and will respond in due course.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691) 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 2023
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 June 2022, 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

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 stakeholder engagement, including roundtables with the Modern Slavery Strategy and Implementation Group, other government departments, the former Independent Anti-Slavery Commissioner and Parliamentarians. As part of the revised strategy, the department will develop an implementation plan and governance to track delivery and measure results.

1.5 Due to recent changes of government, the target implementation date for this recommendation has moved from Summer 2022 to Summer 2023 to allow new Ministers to consider their approach on Modern Slavery and future strategy. The government remains committed to stamping out these crimes, protecting victims and bringing more perpetrators to justice.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 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.

1.4 The test cases referenced in that Statement, plus test cases in relation to six further houses, are being pursued to explore the exercise of statutory leasehold enfranchisement rights by the department and establish the relevant legal principles. These test cases are the subject of wide-ranging legal challenges by Annington in multiple legal proceedings.

1.5 The department will continue to review its estate to ensure value for money. At this stage no decision as to the wider exercise of enfranchisement rights in relation to the Service Family Accommodation has been taken and subject to any further directions from the court, the department has confirmed that it will not bring further test cases prior to judgment being given in the current proceedings.

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 The September 2022 Service Family Accommodation (SFA) void rate currently sits at 18.59%, equating to 8,901 houses. This is c4,112 properties above the 10% target rate and includes c1288 void properties held to accommodate programmed basing changes over the next decade. Although there is increased demand for SFA from eligible Service Personnel (which when met will reduce voids) in the first two quarters of 2022-23, the availability of SFA at Decent Homes standard to meet this demand is lower than planned due to Industry Partners' capacity to return void stock to a Decent Homes standard and to process applications by eligible Service Personnel in the early months of the new contracts.

5.3 Establishing the true long-term requirement for SFA remains challenging. Emerging modelling from the Future Accommodation Model (FAM) indicates overall demand for SFA is likely to grow by considerably more than the c3,900 excess void properties; and that SFA will offer better value for money than the private rental sector. This reflects planned policy changes that will make over 20,000 personnel in long-term relationships fully entitled to SFA, guaranteeing that the department will support them wherever they are assigned. However, this growth in demand is not expected to mature by October 2023, given the FAM implementation timescale and the fact that all newly entitled personnel are unlikely to demand SFA the moment the policy changes, but rather when it suits their own circumstances.

5.4 Around 400 SFA will still be disposed of this Financial Year 2022-23 where there is clearly no future demand and plans for further disposals will be adjusted once the FAM modelling has been confirmed.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 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 for silver and gold contract managers. There are now 175 accredited contract managers looking after silver and gold contracts, and a total of 530 have completed the training programme. There are 800 people in training, aiming to complete the programme by March 2023. Six central departments have put forward all of their contract managers and the nine remaining departments have a total of 250 contract managers to nominate and start their training. It is therefore possible that all silver and gold contract managers will have commenced their training, but unlikely that they will all have completed by March 2023.

8.3 The final department - Ministry of Defence (MOD) - is also nominating and training its contract managers, however, the MOD has a further 12 months in which to nominate all contract managers – by end of March 2024 (as agreed with the Civil Service Board in November 2021).

8.4 The financial year 2023-24 will be used to complete training, and to develop and reassess any contract managers that have not yet achieved accreditation. The Contract Management Capability Programme has started to offer courses to the Wider Public Sector and will now plan further expansion to support arm's length Bodies in line with government priorities, funding and capacity.

8.5 Although it is a constantly evolving group, the number of foundation accredited contract managers in central government is now 10,600 compared to a target of 8,581 bronze contract managers. Across the whole public sector there are now 16,000 contract managers accredited at foundation level and nearly 10,000 more in training.

Sixty-Third Report of Session 2017-19

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

Interface between health and adult social care

Introduction from the Committee

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

Relevant reports

- NAO report: The Health and Social Care Interface – Session 2017-19 (HC 950)
- NAO report: Developing New Care Models Through NHS Vanguards – Session 2017-19
- (HC 1129)
- PAC report: Interface Between Health and Adult Social Care – Session 2017-19 (HC 1376)
- Treasury Minutes Progress Report: February 2020 (CP 221)
- Treasury Minutes Progress Report: November 2020 (CP 313)
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Treasury Minutes Progress Report: correspondence sent to PAC 13 December 2021
- Correspondence to the PAC: 13 December 2021
- Treasury Minute Progress Report: June 2022 (CP 691)
- Correspondence to the PAC: 31 May 2022
- Correspondence to the PAC: 12 August 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, correspondence dated 12 August 2022 above, the remaining recommendation 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

Recommendation implemented

2.2 The Health and Care Act 2022 gives local authorities a place on Integrated Care Boards and Integrated Care Partnerships to facilitate greater integration and collaborative working across the health and care system. The Department of Health and Social Care wrote to the Committee on 12 August 2022 confirming the relevant sections of the Health and Care Act came into effect on 1 July 2022.

2.3 In addition the government is reviewing section 75 of the NHS Act 2006 to simplify and, where necessary, update the regulations to allow local areas to go further and faster on pooling and aligning budgets.

2.4 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 was published in July 2022. The department is working with partners and the sector to develop the Policy Framework for 2023 onwards, including how to support the proposals set out in the integration white paper.

2.5 Means-testing is a central component of the social care charging system. It underpins the long-standing principle of personal responsibility for social care costs, whilst ensuring a safety-net for those unable to afford the cost of their care. In September 2021, the government announced a package of social care reform measures, this includes making the means test much more generous than it is now. This means that many more people will be eligible for funded support from their local authority towards their care costs, earlier in their care journey.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 691 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 June 2022, the Police Funding Formula Review has continued to make progress. The technical phase of the Review, which will deliver proposals for new funding arrangements, is well underway. This includes engagement with policing sector representatives and relevant experts, who have provided advice on the development of a new formula.

3.3 The Review is rightly considering 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. The government has given assurances that any changes to funding arrangements will be well planned, with effective transition arrangements to allow sound financial management by Police and Crime Commissioners, or their equivalents, and Chief Constables. A full public consultation will take place before any new funding arrangements are implemented.

3.4 The government continues to recognise that the current police funding formula is out of date and no longer accurately reflects demand on policing. Timelines for consultation and implementation are subject to confirmation by Ministers, taking account of the wider context and the availability of Census 2021 data to inform a new formula.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 691 above), the remaining recommendation is 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 Operational delivery of new Atlas products and functionality into live service has continued and the full roll-out of Atlas continues to be targeted for April 2023.

2.3 The Home Office (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 continued on resolving data quality issues caused by dual running of the legacy Case Information Database (CID) and the new Atlas case working system. This work combined with new functionality in Atlas and the delivery of updated Reporting & Management Information means the need to update both systems ceased for 86% of users in October 2022. The remaining 14% of users will cease dual running by the end of December 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 Atlas became the Primary Case and Person record for the purposes of Management Information and Immigration Status reporting from the 17 October 2022. Work continues to ensure that any outstanding in progress cases in CID can be processed in Atlas, once CID is fully 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
- Treasury Minute Progress Report: June 2022 (CP 691)
- Correspondence to the PAC: dated 31 May 2022
- Correspondence to the PAC: dated 12 August 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (691) 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.

Recommendation implemented

5.2 As set out in the letter to the Committee dated 12 August 2022, the Health and Care Act 2022 (the 2022 Act) received Royal Assent on 28 April 2022. The relevant sections of the 2022 Act came into force as of 1 July 2022 including the merger of NHS England and Improvement and sections establishing Integrated Care Boards (ICBs) as statutory organisations within each integrated care system (ICS). The full list of Sections commenced on 1 July is set out in the Health and Care Act 2022 (Commencement No. 2 and Transitional and Saving Provision) Regulations 2022 No. 734.

5.3 These new legislative changes have promoted integration of health care services by establishing ICBs, bringing together at a minimum providers of primary medical services, secondary medical services and an employee of a local authority to set out a joint forward plan to meet the evolving health care needs of the population in England. The Act also provides that ICBs must also establish an Integrated Care Partnership (ICPs) with their partner local authorities to develop a strategy covering the functions of the NHS and local authorities.

5.4 The 2022 Act delivers and builds on the NHS's own proposals for reform set out in the 2019 NHS Long Term Plan. ICBs have taken over commissioning responsibilities from predecessor health care bodies (Clinical Commissioning Groups). ICBs will also take on further new commissioning functions, some of them delegated initially by NHS England. ICBs continue to progress the NHS Long Term Plan.

Eighty-Fifth Report of Session 2017-19

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)
- Correspondence to the Committee: 18 June 2021 (unpublished by the Committee)
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: correspondence dated January 2022
- Treasury Minutes Progress Report: June 2022 (CP691)
- Treasury Minutes Progress Report: correspondence dated June 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: in June 2022 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 2022-23
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, and the statement is expected to be published early in 2023.

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: January 2022
- Treasury Minute Progress Report: June 2022 (CP 691)
- Correspondence to the PAC dated 1June 2022
- Correspondence to the PAC dated 12 August 2022

Update to the Government response to the Committee

Following the government's last update to the Committee on this report: (CP 691), 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

Recommendation implemented

6.2 As set out in the letter to the Committee in August 2022, the relevant sections of the Health and Care Act 2022 came into force as of 1 July 2022 establishing Integrated Care Boards (ICBs) as statutory organisations within each integrated care system. The full list of sections which commenced on 1 July 2022 is set out in the Health and Care Act 2022. (Commencement No. 2 and Transitional and Saving Provision) Regulations 2022 No. 734.

6.3 There are 42 Integrated Care Boards established in England that are now statutory bodies for commissioning of healthcare services for all residents of England. The 2022 Act requires that every Integrated Care Board include members from providers of primary medical services (such as GPs), secondary medical services (NHS trusts and Foundation trusts) and Local Authorities in the integrated care system area along with other executive and non-executive members. Furthermore, the 2022 Act allows for local discretion to nominate additional members to cater for local area needs cutting through levels of bureaucracy. It also provides for the establishment of Integrated Care Partnerships (ICPs), which are statutory committees formed jointly by the Integrated Care Board and Local Authorities in each area. Integrated Care Partnerships have discretion as to the size and membership of those committees.

6.4 NHSE has a statutory duty for assessing Integrated Care Boards. NHSE will hold Integrated Care Board leaders to account for delivery of the NHS commitments in their area, and for their contribution to the joint integrated care strategy. Integrated Care Boards and local authorities are required to have regard for Integrated Care Strategies of their area.

6.5 The Health and Care Act 2022 also gives new powers to the Care Quality Commission (CQC) to conduct reviews of local authority functions and integrated care services. These will provide some independent assurance to the public and Parliament about how well the partners are working together.

6.6 The government will take an active interest in how well the system is performing and will ensure that right mechanisms are in place to ensure delivery. This may often take the form of local peer support, sharing best practice, and regular conversation with the system leaders to understand local issues.

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 – December 2018 (HC 1799)
- Independent Review of National Cancer Screening Programmes in England: Interim report by Professor Sir Mike Richards – May 2019
- 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 dated December 2021
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Correspondence to the PAC dated 17 June 2022
- Correspondence to the PAC dated 10 November 2022

Update to the Government response to the Committee

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

Target implementation date: Spring 2023
Original target implementation date: December 2020

5.2 Further to the last update the department sent to the Committee in the letter of 10 November 2022, work continues at pace to implement the NHS Cervical Screening Management System (CSMS) which will replace the existing National Health Application and Infrastructure Service (NHAIS) based call and recall system. NHS England has taken steps to strengthen technical expertise and leadership for the project. A new and experienced Programme Director and an Executive Director of Product Delivery were appointed by NHS Digital, and the National Director of Vaccination and Screening assumed SRO responsibility for the Digital Transformation of Screening in May 2022.

5.3 Working closely with colleagues in NHS England, including the Director responsible for Cervical Screening Administration Services, the NHS Digital Programme Director has completed a bottom-up review of the programme, agreeing actions to improve delivery confidence and a revised timetable for implementing CSMS.

5.4 Five milestones have been identified. Each milestone is a defined step towards the go live date, against which progress will be independently assured by subject matter and technical experts outside of the Digital Transformation of Screening programme.

Milestone	Date
Core Release	20 October 2022 (delivered on 18 October 2022)
Non Exceptions Processing (NEP) Release	24 March 2023
NHAIS Release	27 July 2023
Minimum Viable Product (MVP) Release	7 September 2023
Go Live (of MVP release)	20 November 2023

5.5 A number of broader implementation activities also remain in progress, including testing, training, communications and service transition management. These activities will continue to run until the final, fully operational product is released and fully implemented within NHS services.

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
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee (CP 691) the remaining recommendation is updated below.

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.

Recommendation implemented

3.2 Although COVID-19 delayed the initial development of a clinically led review of NHS Access Standards, NHS England has now made progress across its various strands. Further details was provided in correspondence to the Committee dated 31 May 2022 and the June 2022 Treasury Minute progress report. Any future recommendations for changes to the current standards will seek to include learning from this recommendation and from the recovery more generally.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 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). This was caused by the creation of Greater Birmingham and Solihull LEP (GBSLEP) which encompassed 7 Staffordshire and Worcestershire districts which were also in their respective county LEPs.

3.4 As set out in the Levelling Up White Paper, the West Midlands Combined Authority and GBSLEP are currently in discussions on how to integrate LEP functions for Birmingham and Solihull into the Combined Authority and we expect the LEP integration plan to be submitted by the deadline in January 2023.

3.5 Cannock Chase District Council, East Staffordshire Borough Council, Lichfield District Council and Tamworth Borough Council will continue to remain as members of Stoke-on-Trent and Staffordshire LEPs and have their LEP functions delivered through this LEP only. Bromsgrove District Council, Redditch Borough Council and Wyre Forest District Council will do likewise with Worcestershire LEP.

3.6 The government expect that the majority of LEP functions would be passed to the Combined Authority by March 2023, and that the GBSLEP will cease to exist as an organisation by March 2024. The LEP have agreed this approach with their board at the last board meeting, but until it has been submitted as part of the integration plan, it is not formally confirmed.

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)
- Competition and Markets Authority provisional decision on Motorola: 14 Oct 2022
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691), 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.

Recommendation implemented

3.2 The current total cost of providing critical emergency services communications for the period to 2036-37 is £11.3 billion, per the plan agreed in the July 2021 Full Business Case. This includes £1.6 billion for the Emergency Services Mobile Communication Programme (ESMCP) programme costs that will enable the reduction of the current Airwave system costs (circa £450 million per year) to the lower costs to run the Emergency Services Network (ESN) at circa £250 million per year. The cost of running Airwave continues to be the largest percentage of the overall budget with ESN delivering around £200 million savings per year from the Airwave shut-down date. There are a number of elements that may impact the overall delivery cost and time including but not limited to the current the Competition and Markets Authority (CMA) investigation into Motorola's dual role as owner of Airwave and supplier on the programme and any extension to the Airwave shutdown date beyond the end of 2026, as well as contract renegotiations for both Lot 2 and 3 as these are due to end in 2024.

3.3 On 14 October, the CMA published a summary of its provisional findings in its investigation into the land mobile radio network services for public safety in Great Britain. Motorola Solutions Inc (MSI) role as provider of Airwave and supplier to ESN forms a significant part of the CMA's report. The CMA has provisionally concluded that a market monopoly and insufficient contractual leverages have led to excessive profits for MSI-owned Airwave and lack of delivery for ESN. As part of the provisional findings, the CMA propose to impose "obligations on Airwave Solutions and Motorola to deliver, and/or facilitate the development and delivery of, an alternative interworking solution in a timely and effective manner, and to provide the services involved in doing so on a cost-plus basis". The final phase of the investigation is due to be published in December 2022.

3.4 The report follows a decision by the Home Office to launch a market engagement exercise to procure a new supplier to provide user services for ESN. The market engagement exercise began on 3 October 2022 and is expected to take 12 months.

3.5 The Programme is considering the CMA's Provisional Decision Report carefully and will continue to co-operate with the CMA by providing any information required to support and inform the final phase of the investigation which is due in December 2022.

3.6 The CMA's provisional decision report follows the re-procurement of lot 2, a contract with Motorola Solutions Inc (MSI) to provide user services ESN. This activity will have an impact on the delivery timetable. However, at this stage, the Programme is unable to give a full timeline for ESN delivery. More will be known once re-procurement activity concludes and integrated delivery plans are built.

3.7 ESMCP continues to work closely with the user community to understand how to deploy the ESN most effectively. The Programme's priority continues to focus on achieving the right balance between credible plans that have user confidence and the need to deliver ESN as quickly as possible to enable the safe shutdown of Airwave.

3.8 The Programme will work closely with the three Emergency Services' user communities to ensure that their requirements relating to testing and assurance are fully understood by potential suppliers and potential suppliers' ability to meet these requirements will be assessed during the evaluation period. Baseline acceptance criteria have been developed and these will be reviewed by Users and the Programme as the strategy and plan for testing and assurance develops post contract award.

3.9 The Programme and User Representatives have been working to re-baseline the scope of ESN through a set of scope workshops from September 2020. This exercise has not reviewed the proposed solutions to the elaborated requirements (ELAB-R's) set but provides clarity on the scope to be assessed at Service Acceptance (including Product Integration Testing, Operational Validation & Operational Evaluation) and creates a baseline to assess any changes against. The process involved reviewing c1,400 ELAB-R's and agreeing the:

- Requirements that need to be delivered before mass transition can commence (described as ‘SET A’);
- Requirements that can be delivered during Transition and by a mutually agreed timescale (described as ‘SET D’); and
- Roadmap (version 2.5b) – outlining the functionality included in the push to talk application (which underpins ESN Version 1.0).

3.10 The one outstanding area of scope was Coverage (including resilience and capacity). Requirements have now been addressed by aligning the associated ELAB-R’s to the Coverage Strategy which has been approved by the Programme Board. If future issues are identified the programme will follow a structured process to review and assess the implications of the change so that the Users, Funding Sponsor Bodies and the Programme can make an informed decision on how to progress.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 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 The original target implementation date for this evaluation was Autumn 2021. However, it was agreed between the Department for Levelling up Housing and Communities (formerly known as the Ministry of Housing, Communities and Local Government) 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). The department has begun preparatory work on this evaluation, with a target publication date of December 2023.

3.3 In the interim, officials committed to reviewing the end of the 2013-21 scheme and the early performance of the new scheme. This interim evaluation was submitted to the Committee in September 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 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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 691), the remaining recommendation is updated below.

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

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

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2023
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 in due course. 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

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9	Water supply and demand management
10	Defence capability and Equipment Plan
11	Local Authority Investment in Commercial Property

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14	Readying the NHS and social care for the COVID-19 peak
15	Improving the Prison Estate
16	Progress in remediating dangerous cladding
19	Restoration and renewal of the Palace of Westminster
20	Tackling the Tax Gap
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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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 691 above), the remaining recommendation 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: Winter 2022-23
Original target implementation date: Summer 2021

4.2 The Department for Digital, Culture, Media and Sport (the department) 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 considered all evidence submitted on this issue and evaluated potential options and proposals for reform. Conclusions to this report will be published in a white paper in the coming weeks. Once published, this recommendation will be implemented. The department has written separately to the Committee to explain the delay to publication.

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 was published in June 2022, and the majority of new requirements came into effect in September 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 Department of Health and Social Care to the Public Accounts Committee: January 2021
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Correspondence to the PAC dated December 2021
- Treasury Minute Progress Report: June 2022 (CP 691)
- Correspondence to the PAC dated 1 June 2022
- Correspondence to the PAC dated 15 November 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.

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: Winter 2022-23
Original implementation date: Autumn 2020

5.2 Since the last update sent to the Committee in the letter of June 2022, the Department of Health and Social Care has continued to engage with the NHS and health and social care sector to develop a comprehensive strategy for capital investment to support the NHS Long Term Plan, managing backlog maintenance, digital investment and building new hospitals this decade. The focus of the recent work has been on developing a programmatic approach to tackling backlog maintenance, better understanding capacity constraints in the NHS and how capital investment can address this, and considering how the capital strategy should align with the new government's priorities. The strategy will now undergo departmental and cross-government review ahead of its publication, which is expected to be early in 2023, as set out in the letter to the Committee dated 15 November 2022.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691), 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.

Recommendation implemented

1.2 The Home Office (the department) have implemented a programme of work to enhance its understanding of the illegal population within the UK.

1.3 The department has formalised a strategic tasking and coordination process. The Strategic Tasking and Coordination group reviews the quarterly threat assessment produced by Home Office Intelligence alongside the control strategy to agree priorities.

1.4 The department has also developed a demand tool to provide understanding of the resource impact of tasking requests on business-as-usual activity, so it can better assess the effectiveness of our interventions.

1.5 In addition, over the next six months the department will look to embed the tasking processes, bringing wider evidence basis such as the demand tool and evaluation to further inform tasking decisions.

1.6 The department's Data Programmes continue to implement analysis tools which will enhance understanding and enable the deployment of resources more effectively against our population of interest. Complementary analysis is studying the reasons why people become of interest to the department, their journey through the immigration system and the outcomes. The department's strategic centre will start work implementing the changes needed to create the organisational feedback loops needed to learn from and refine operational interventions.

1.7 Taking account of the above, the department considers this recommendation has been fulfilled.

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**.**

Recommendation implemented

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 enabling the legitimate movement of people and goods to support economic prosperity and tackling illegal migration, removing those with no right to be here and protecting the vulnerable.

4.3 Since May 2021, the department 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 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-today management.

Relevant reports

- NAO report: The NHS nursing workforce – Session 2017-19 (HC 109)
- PAC report: NHS nursing workforce – Session 2017-19 (HC 408)
- Treasury Minutes January 2021 (CP 363)
- Treasury Minute Progress Report: Published 30 June 2021
- Treasury Minute Progress Report: Correspondence published January 2022
- Treasury Minute Progress Report: Published June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 691), the remaining recommendation is 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.

Recommendation implemented

1.2 The Department of Health and Social Care commissioned Health Education England (HEE) to work with partners to review the long-term strategic trends for the health and regulated adult social care workforce. This work reviewed, renewed and updated the existing long term strategic framework for the health and regulated adult social care workforce, (HEE's

Framework 15), to support work to ensure there are the right staff with the skills, values and behaviours to provide high quality care now and in the future. This work will also inform the Long-Term Workforce Plan for the NHS, commissioned from NHS England in January 2022.

1.3 The key conclusions from the Long-Term Workforce Plan will be published in due course.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 above), the remaining recommendation 2 has now been superseded by recommendation 1 in the Committee's report: The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system (Twenty-Fifth Report of Session 2021-22, HC 633.)

The department will therefore no longer update this report and all updates will be provided in Treasury Minute 25 of Session 2021-22.

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: Summer 2023
Original target implementation date: July 2021

2.2 As outlined above, the update to this recommendation is provided within Treasury Minute 25: The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system of Session 2021-22, Recommendation 1.

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)
- Treasury Minutes Progress Report - June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 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.

6.6 The NDA previously wrote to the Committee in May 2022 to provide advance copies of the study reports. Following a period of briefing and consultation with key stakeholders these reports were published in September 2022 as follows:

- West Cumbria
- Magnox sites
- Dounreay

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)
- Treasury Minutes Progress Report June 2022 (CP 691)
- HM Treasury report: Whole of Government Accounts 2019-20 – Session 2021-22 (HC 246)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 691 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.

Recommendation implemented

1.2 The Whole of Government Accounts 2019-20 (WGA) was published on 6 June 2022. The performance report accompanying the accounts includes summary information on the forward-looking position and exposure to fiscal risk, drawing on information published by the Office for Budget Responsibility (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.

Recommendation implemented

3.2 The performance report section of the 2019-20 WGA sets out HM Treasury's approach to managing fiscal risk and ensuring financial sustainability. It also provides an overview of how WGA fits into the broader framework of financial reporting and management.

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.

Recommendation implemented

4.2 This recommendation has been met. The Treasury has continued to support the Department for Levelling Up, Housing and Communities (DLUHC, formerly known as Ministry of Housing, Communities and Local Government) on work to implement the Redmond recommendations. This includes through its membership of the local audit Liaison Committee (which DLUHC established in July 2021 as interim system leader) and also in the arrangements for the Financial Reporting Council to commence its role as shadow audit systems leader, ahead to the establishment of the Audit Reporting and Governance Authority which will take on this role through primary legislation.

4.3 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. This is done by looking carefully at the financial health of the sector and financial risks in individual local authorities, as well looking 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 engaging with individual local authorities. HM Treasury supports the DLUHC's oversight of this system by providing spending team challenge and assurance on local authority spending proposals. 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.

4.4 The 2019-20 WGA performance report, published on 6 June 2022, includes information showing how fiscal risks are monitored and managed in the local government sector and brings in wider information on finances in the sector.

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.

Recommendation implemented

5.2 The 2019-20 WGA performance report contains a section on the work of the Government Finance 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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 691 above), the remaining recommendations are updated below.

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: As soon as practicable in line with the Written Ministerial Statement
Original 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, supported by impact assessments. As set out in the written ministerial statement, that was laid on 28 October 2022, the final targets, together with updated impact assessments, will be brought forward as soon as practicable.

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 for Environment, Food and Rural Affairs (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. Earlier this year the department published robust impact assessments to support the consultation on the proposed targets to be set under the Environment Act. These set out the costs and benefits for each proposed target. The government have sought to use the Natural Capital Approach to quantify the benefits. Where possible, the impact assessments identify who will bear the cost and which sectors will have to adapt. However, given these policy pathways are indicative, there is a large amount of uncertainty. The department will publish updated impact assessments for targets when the statutory instruments are laid.

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

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

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

4.7 The government agrees with the Committee's recommendation.

Target implementation date: April 2023
Original 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. A range of pressures arising from the COVID pandemic resulted in many Round 1 projects being unable to complete on time. The government agreed to offer these projects an extension. As a result, publication of the independent evaluation of Round 1 of the Fund has been delayed until Spring 2023. The department will provide an assessment of the Fund by end April 2023, setting out the findings from this evaluation. The evaluation of Round 2 will be completed by January 2024. The department 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.

Recommendation implemented

5.2 HM Treasury will be publishing the Environmental Impacts of Spending Review 2021 in the first half of December 2022. This document will provide further detail on the methodology departments and HM Treasury used for assessing environmental impacts in public spending decisions at Budget and Spending Review 2021 and summarises the impacts of spending decisions on the UK's net zero pathway.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 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: Summer 2023

2.2 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. The government published a Call for Evidence on local factors in managing flood and coastal erosion risk last year. Through the department's analysis of the responses, the government identified that frequently

[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

flooded communities (those that have flooded at least twice in the last 10 years) can suffer from a shortfall in funding. To effectively manage risk in these areas, the government announced in July 2022 a new ring-fenced £100 million from the capital programme to better support these areas.

2.3 In February 2022, the government announced the 2022-23 Local Government Finance Settlement, which made available an additional £3.7 billion to councils. 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.

2.4 The government recognises the important role local authorities have to manage local flood and coastal risks. The Department for Levelling Up, Housing and Communities has committed to work closely with local partners before consulting on any potential reform to local government funding. The Department for Environment, Food and Rural Affairs is conducting an assessment of local flood and coastal risk compared to local authority spend. The department expects to conclude this work by Summer 2023 to allow it to take into account the most up-to-date local authority revenue outturn data and the outcome of the local government finance settlement for 2023-24. The department is therefore amending the target implementation date to Summer 2023.

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 and the agency are developing a framework for understanding overall flood risk. As part of this, in 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 undertaking a new National Flood Risk Assessment (NaFRA) for 2024 which will provide a single picture of current and future flood risk from rivers, the sea and surface water. The department and the agency are working on a methodology that would enable a reliable comparison of reduction in flood risk across years and across six year flood and coastal defence programmes.

5.4 The department now has in place a suite of internal 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.

5.5 More widely, and in addition, the department 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. A research project to inform policy development concluded in Summer 2022. The agency is now exploring the potential to trial data collection to support future indicators through the £200 million flood and coastal resilience innovation programme.

The department will provide an update on progress to develop a national set of indicators by Spring 2023.

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 2023
Original target implementation date: Summer 2022

6.2 Following the agency update to their Chief Scientist's Group report on social deprivation, and the likelihood of flooding, the department have commissioned the agency to explore their findings in more detail. With these findings, the department will be able to identify any action that needs to be taken. Whilst they found that the government is investing more money per household in the most deprived areas, the department would like to understand how this distribution is also influenced by risk of flooding. The government's policy is that investment goes where the risk is greatest and the benefits highest, with higher rates of grant in aid for the most deprived local areas. Work is underway between the agency and the department to report and provide annual information on investment levels by geography and deprivation category. Preliminary information is expected to be available by Spring 2023 and full information by Summer 2023. The department is therefore amending the target implementation date to Summer 2023.

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: end of 2023 – subject to the passage of the Levelling Up and Regeneration Bill.

8.2 The Levelling Up and Regeneration Bill includes powers to enable a more data-driven planning system, which include the ability to set consistent data standards across the planning system, and to require local authorities to openly publish planning data. This will make it easier for planning proposals and decisions to be informed by the latest data available about flood-risk areas, and for any development which is allowed in areas of flood risk to be identified more easily. Therefore, the Department for Levelling Up, Housing and Communities is amending the target implementation date for these provisions to the end of 2023. This is subject to the Parliamentary passage of the Bill.

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
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 691), 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.

Recommendation implemented

6.2 The UK Health Security Agency (UKHSA) had a key role to play in the delivery of the COVID-19 Response: Autumn and Winter Plan 2021 published on 14 September 2021.

6.3 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 published an updated risk assessment on variants on 24 June 2022.

6.4 The Department of Health and Social Care therefore judge that all the points covered in the recommendation have been completed, with the Living with COVID-19 document explaining the approach. There will be ongoing detailed work at a strategic level to plan for future pandemics, including the work of the Centre for Pandemic Preparedness.

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
- Treasury Minutes Progress Report - June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 above), the remaining recommendation is implemented.

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.

Recommendation implemented

6.2 The department's Finance function undertakes an important role in the transparent, accurate reporting of the Equipment Plan and has increased resource available to produce the report. The annual equipment plan report continues to be assured through an internal, independent, team.

6.3 The Finance function is improving, achieving a Substantial Assurance rating for Finance in the 2021-22 Annual Assurance Review and is rated among the government top performers on financial forecasting.

6.4 The department is fully committed to increasing financial professionalism and recognises its importance to improving financial outcomes. Based on Government Finance Function figures, the department is in the top third for Consultative Committee of Accounting Bodies (CCAB) qualified professionals in senior Finance positions (Grade 7 through to SCS3), with 73% CCAB qualified, and a further 6% part-CCAB qualified, Association of Accounting Technicians (AAT) Level 4 qualified or studying. Of those not financially qualified, the department accepts a number of senior enabling roles will align to other professions, for example Project Delivery.

6.5 The department will continue to build an enduring pipeline of professionally qualified and experienced personnel. Several initiatives are underway to address the challenge of building the right capacity and capability in the finance function, including:

- Developing interventions to facilitate study and to improve workforce attraction and retention.
- Working with professional bodies and academic providers to provide a range of qualification routes meeting the diverse needs of the profession.
- Supporting personal development including mentoring opportunities and strengthening financial capabilities more broadly through mandatory training, webinars and support 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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 above), the remaining recommendation is updated below:

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.

Recommendation implemented

6.2 The Infrastructure and Projects Authority 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 in ongoing, active 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 The cross industry and government department Asset Condition and Net Zero working groups have been established for some months and the Future Services working group has been established more recently. Each of these working groups meet on average every 3 weeks. In addition, a PFI working group Steering Board comprising senior management representatives and government departments has also been established and meets quarterly. The working groups cover the areas of PFI expiry where the large majority of disputes are likely to arise. The objectives of the working groups are, in part, to standardise approaches to expiry issues and monitor and regulate behaviours with a view to preventing disputes before they arise. One of the objectives of the Steering Board is to take a strategic view of any disputes as they arise and identify where they have wider implications.

6.4 In any event, 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.

6.5 The IPA will continue to monitor disputes and specific guidance will be considered should this indicate a wider underlying issue.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691), the remaining 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.

Recommendation implemented

1.2 The initial definition of the Clinically Extremely Vulnerable (CEV) group was based solely on medical conditions. Further evidence, the introduction of the QCOVID® tool, and the continuing strengthening of digital capabilities to identify emerging cohorts following cross-Agency agreement, 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 These new capabilities for data driven population management and risk stratification across the population to identify and protect those at highest risk, show how the use of data from different sources can be pooled to enable a holistic view of these populations. These are informed by cross-Agency agreement.

1.4 As such, as part of future pandemic preparedness, work will be ongoing 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 available. For example, 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 at the Committee hearing on 22 February 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)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- UK Armed Forces Defence Accommodation Strategy – October 2022
- SLA Survey Results September 2022
- 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 691) above, the remaining recommendations are implemented.

1: PAC conclusion: The Department has neglected Single Living Accommodation for many years and has not given it anything like the priority that it has deserved, despite the clear link between accommodation and delivery of operational capability.

1: PAC recommendation: The Department should report back to the Committee in six months on the changes it is introducing under its Defence Accommodation Strategy to raise the priority given to Single Living Accommodation, including implementation of the National Audit Office recommendations.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Ministry of Defence (the department) launched the Defence Accommodation Strategy (DAS) in October 2022. The Single Living Accommodation Minimum Standard's underpinning technical standards and statements have been approved and the Front Line Commands (FLCs) will now progress with assessing the estate against these standards.

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.

Recommendation implemented

2.2 The Defence Accommodation Strategy (DAS) has set the strategic direction for the department's accommodation provision and approach to standards. Work is ongoing to assess the estate against the Defence Minimum Standard (DMS) for Single Living Accommodation (SLA).

2.3 The Defence Accommodation Strategy (DAS) has set the strategic direction for the department's accommodation provision and approach to standards. Work is ongoing to assess the estate against the Defence Minimum Standard (DMS) for Single Living Accommodation (SLA). Delivery and investment plans will be completed by the FLCs and enabling organisations by Summer 2023 setting out how they will meet the DMS and the requirement to upgrade accommodation by 31 Mar 2024. Work is ongoing to develop a centralised reporting mechanism that will allow Chief of Defence People (CDP) as Senior SLA Sponsor to monitor progress. The DMS will be implemented from 1 Apr 2024 and after this time personnel will not be permitted to live in accommodation below standard for more than 48 hours

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.

2.4 The government agrees with the Committee's recommendation**.**

Recommendation implemented

2.5 The department completed the Single Living Accommodation Survey and the results were published on 21 September 2022.

2.6 The survey covered the following themes:

- How satisfied or dissatisfied Service Personnel are with their experiences of SLA;
- How SLA is being used by Service Personnel;
- What Service Personnel want and need from SLA.

2.7 The survey provided evidential confirmations of smaller scale feedback received by the department on the quality of accommodation and overall fewer than half (44%) were dissatisfied with their SLA. Quality is of the utmost import and the expectations for the future are for all rooms to be en-suite, for reliable broadband/wifi to be provided and for consideration of access to full kitchens. All new SLA is already built with an en-suite and has been en-masse since the late 1990s; this will be included in SLA improvements if permitted by building regulations. The department is conducting negotiations with current broadband providers to drive improvements across the estate in the short-term. This is part of a larger, long-term project that is underway to rollout high-speed broadband access to all personnel in both SLA and Service Family Accommodation (SFA), including for those in the most remote areas of the UK. For SLA, new commercial arrangements are being created which will allow FLCs to call off new services in the second half of 2023. Providing access to a full kitchen would mark a fundamental shift in the lifestyle of the Armed Forces residing in SLA. It is important to explore all facets of this topic, from current food provision contracts to independent catering requirements when considering the future of SLA design and upgrade to try to ensure that the best interest of the service person is at its core.

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.

Recommendation implemented

3.2 Clear minimum standards for SLA have been published as a full annex in the Defence Accommodation Strategy; the strategy more broadly takes account of best practice in civilian standards and wider thinking on sustainability. As part of the ongoing work to assess the estate against the Defence Minimum Standard (DMS) certain sections of the proforma will be pre-populated, predominantly from the Single Living Accommodation Management Information System (SLAMIS). Rollout of SLAMIS across all 175 sites is now expected to be complete by Spring 2023, with transition to steady state by the end of Summer 2023. For context, as of 21 October 2022, SLAMIS has been fully rolled out to 46 sites (26% of the total, covering >31% of bedspaces) and rollout is underway at a further 63.

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Reports completed

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2	BBC strategic financial management (responded directly to the Committee)
3	COVID-19: Support for children's education
4	COVID-19: Local Government finance
5	COVID-19: Government support for charities
6	Public Sector pensions
10	Overview of the English Rail System
12	COVID-19 Cost tracker update
14	Windrush compensation scheme
16	Principles of effective regulation
17	HS2 Summer 2021
18	Government delivery through arms-length bodies
22	Improving performance of major defence equipment contracts
28	Efficiency in Government
33	Underpayments of the state pension

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 above), the remaining recommendations are updated below:

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: Spring 2023
Original target implementation date: Autumn 2021

2.2 Following comprehensive analysis of responses and further policy development, the Department for Transport (DfT) published the response to its consumer experience at public EV chargepoints consultation in March 2022. The response announced new regulations for public chargepoints to improve confidence in the charging network and make the user experience seamless. Since publishing the response, DfT has undertaken further engagement with stakeholders and additional policy development, to reflect the delivery complexity of these changes and potential supply chain implications. The consumer experience legislation will be introduced in the first quarter of 2023. As a result, the implementation of the recommendation is now expected to be complete by March 2023.

2.3 To futureproof buildings, in 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 chargepoint installed. These requirements, outlined in Approved Document S of the Building Regulations, came into force on in June 2022.

2.4 Additionally, the Electric Vehicles (Smart Charge Points) Regulations 2021 were signed into law in December 2021 and brought into effect in June 2022. These regulations require all new private chargepoints to meet minimum smart functionality and other device standards, and incorporate default charging hours; enabling electric vehicle drivers to access cheaper off-peak electricity rates for charging.

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 Department for Environment, Food & Rural Affairs committed to publishing a consultation on domestic batteries legislation to ensure there is an appropriate legal framework governing increasing numbers of EV batteries. This consultation is still on track to be published by the end of 2023 and will form the basis of future regulations, including standards producers must meet for the treatment of EV batteries that reach end-of-life.

4.3 The Faraday Institution, funded by government, continues to participate in the Global Battery Alliance (GBA). The Alliance reached a major milestone in October 2022 with the publication of the GBA Greenhouse Gas Rulebook. The Rulebook sets the high-level principles and operating rules upon which the Battery Carbon Footprint of the GBA Battery passport is to be developed. This is the first framework of its kind to facilitate the collection of standardised, auditable, and comparable greenhouse gas data for batteries.

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.

Revised target implementation date: December 2022
Original target implementation date: Spring 2023

5.2 The Department for Transport and The Department of Business, Energy and Industrial Strategy 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 participating in the government's Emerging Skills Project and continues to use modular learning products developed. In addition, the Green Jobs Delivery Group, is developing a long-term plan alongside industry, the education sector and other key stakeholders, that sets out the skills needed to help deliver a net zero carbon economy. This work is ongoing and will continue throughout the transition to zero emission vehicles.

5.3 The Electricity Networks Strategic Framework, jointly published by the government and Ofgem earlier this year, sets out a shared vision for the transformation of all parts of the electricity network, both transmission and distribution, to ensure it can act as an enabler for supporting our energy security and meeting the net zero target.

5.4 The Distribution Network Operators published their final business plans for the next five year electricity control period running from 2023 to 2028 in December 2021. They are currently engaging with Ofgem, who in June 2022 published the Draft Determinations of RIIO-ED2 (Revenue = Incentives + Innovation + Outputs), the next electricity distribution price control, which begins on 1 April 2023. This will put in place a robust process for bringing forward grid upgrades, ensuring the electricity network is ready for new demands placed upon it by low carbon technologies, like electric vehicles. Ofgem has announced it will confirm its Final Determinations for RIIO-ED2 by December 2022, after which the implementation of this PAC recommendation will becoming ongoing. Therefore, the implementation date has been revised to December 2022.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 above), the remaining recommendations are updated below:

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 Act 2022 creates a new duty for the Care Quality Commission (CQC) to assess local authorities' performance in delivering their adult social care duties in the Care Act 2014. CQC is well placed to undertake this new role, which is expected to commence from April 2023, due to its experience as an independent regulator of health and social care.

5.3 The Department of Health and Social Care (the department) has been working closely with other government departments (including the Department for Levelling Up, Housing and Communities), 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 CQC forms part of a wider package of measures including improving the quality, timeliness and accessibility of adult social care data and a strengthened improvement offer for local authorities and their partners that will allow the Government to understand how local areas are achieving the vision for reform, identify strong performance and help to 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. Alongside this, and until more formal oversight is delivered through CQC assessments, the department's Adult Social Care Regional Assurance Team will continue to gather soft intelligence on risks and challenges across the regions through established relationships and using their expertise in the sector.

5.5 In addition to 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 The government is considering a new requirement for CQC registered adult social care providers to be more transparent about their fees to help people make informed decisions. Any new requirement on fee transparency would be a legislative change and would need the appropriate legislative vehicle to be identified.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 691 above), the remaining recommendation is updated below.

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: February 2023
Original target implementation date: Spring 2022

5.2 In parallel to the publication of the evaluation of the Culture Recovery Fund, the Department for Digital, Culture, Media and Sport will write to the Committee in Winter 2022-23 setting out lessons learnt from the process. The department wrote to the Committee on 16 November 2022 about the revision to the original target implementation date.

Ninth Report of Session 2021-22

Cabinet Office and HM Treasury and Department for Work and Pensions

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 above), the remaining recommendation 3d below has now been superseded by recommendation 1 in the Committee's report: The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system (Twenty-Fifth Report of Session 2021-22. HC 633).

The Department for Work and Pensions will therefore no longer update this report and all updates will be provided in Treasury Minute 25 of Session 2021-22.

3: PAC conclusion: Departments' lack of urgency to robustly measure fraud and error hinders their ability to direct their counter fraud and error efforts.

3d: PAC recommendation: DWP should write to the Committee with its targets for reducing fraud and error.

3.1 The government agrees with the Committee's recommendation.

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

3.2 As outlined above, the update to this recommendation is provided in Treasury Minute 25: The Department for Work and Pensions' Accounts 2020-21 – Fraud and error in the benefits system of Session 2021-22, Recommendation 1.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 above), the remaining recommendation is updated below.

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 wide pool of appropriately trained auditors ensures both the long-term sustainability of the local audit market and quality, timely audits. The Redmond Review notes the local audit market is dependent on a small number of suppliers so more needs to be done to support new firms in the market.

4.3 Implementing capacity and capability improvements remains a key focus. The Ministry of Housing, Communities & Local Government department, now known as the Department for Levelling Up, Housing and Communities, has worked with expert partners in the sector to develop proposals, which were presented in the December 2021 publication, Measures to improve local audit delays.

4.4 From those measures, the Financial Reporting Council (FRC) published its revised Key Audit Partner (KAP) guidance in June 2022 to facilitate additional routes for auditors to become KAPs.

4.5 The department also continues its preparations to launch a Local Audit Qualification to act as a 'top up' for qualified auditors with limited or no local audit experience and to provide an alternative route for qualified auditors looking to become KAPs. Alongside this, a Technical Advisory Service will be launched to provide an expert service aimed at increasing the capability of new entrants in the market. It will be available to audit firms to provide quality responses to complex, technical queries including advice on judgements and opinions arising during local audits. These measures are subject to open procurement processes to ensure transparency and fairness, hence the target implementation date provided.

4.6 The department will also be supporting the FRC to develop a workforce strategy to improve the supply of auditors.

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 come 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)
- PAC correspondence: 30 November 2021
- PAC correspondence: 2 March 2022
- Treasury Minute Progress Report: June 2022 (CP 691)
- PAC correspondence: 14 June 2022
- PAC correspondence: 1 November 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (correspondence November 2022) above, the remaining recommendation is 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.

Recommendation implemented

1.2 The Department of Health and Social Care (the department) will continue to provide the above information to the Committee on a quarterly basis.

- The first return was sent in November 2021
- the second in early March 2022
- the third update in June 2022
- The fourth update was sent on 1 November 2022

1.3 The department originally committed to providing these reports until August 2022 but will continue to do so until August 2023 to allow the Committee to track progress on the efforts around managing PPE stock.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 691 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: February 2023
Original implementation date: March 2022

4.2 The Department for Work and Pensions (the department) has carefully considered the Committee's recommendation.

4.3. Although the department was on track to publish its response before this update, the department apologises that this publication is taking longer than planned.

4.4. The department is committed to publishing its response as soon as is practicable.

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 on track to publish the District Provision Tool by 30 December 2022.

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.

7: 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.

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 the Committee's recommendation.

Revised target implementation date: Spring 2023
Original target implementation date: December 2022

7.2 The department continues to gather evidence of how effectively work coaches provide employment support. The department apologises that this work is taking longer than planned.

7.3 This work will help the department to further develop its evidence base on how employment support has been delivered during the COVID-19 pandemic and afterwards.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 above), the remaining recommendations are updated below.

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.

Recommendation implemented

2.2 As previously stated, the Office for Product Safety and Standards (OPSS) has developed a range of engagement avenues to target different groups:

- Business Reference Panel: providing updates, information and discussion for companies and trade associations representing over 1 million businesses.
- Business Accountability Forum: allowing businesses to engage with, understand, inform, and challenge OPSS's regulatory approaches.
- Consumer Reference Panel: informing and updating consumer bodies on OPSS's activities and ensuring an up-to-date knowledge of the bodies' issues and concerns, and exploring closer partnership.

2.3 These forums meet regularly, and with ongoing research, such as through YouGov, have enhanced OPSS's intelligence about industry and consumers.

2.4 OPSS continues to build its knowledge, reach, and capability around consumers. For example, it recently completed a project which mapped consumer bodies, ensuring wider representation across the UK, and strengthening vulnerability considerations.

2.5 OPSS partners with specific bodies on projects to target vulnerable or hard to reach groups, for example, with the Child Accident Prevention Trust raising awareness around button battery risks.

2.6 Using the framework set out in its strategy OPSS has reviewed its engagement with consumers and industry, defining where activity can be most effective in addressing difficult to reach and vulnerable consumers.

2.7 OPSS's approach, underpinned by its objectives "apply policies and practices that reflect the needs of citizens", and "enable responsible businesses to thrive", constitutes a significant step forward in OPSS's ability to target, communicate, and influence different consumer and industry groups.

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.

Recommendation implemented

3.2 OPSS has now fully established its Local Authority Unit (LAU), ensuring national and local activity on product regulation is co-ordinated and providing local authorities with a clear, single route into OPSS. This ensures that the expertise provided by OPSS can be effectively accessed by local authorities and local Trading Standards services, helping to ensure national and local activity is aligned to maximise the combined impact of regulatory interventions.

3.3 Since Summer 2022, the LAU has:

- established named OPSS leads in each English region, and Northern Ireland, Scotland and Wales – helping OPSS to understand localised issues impacting on product regulation

- delivered training and capacity building sessions for local authority officers on topics such as risk assessment
- begun reviewing the extensive online guidance, tools and training materials provided for regulators

3.4 The Department for Business, Energy and Industrial Strategy (BEIS) supports the long-term sustainability of the Trading Standards workforce by creating and developing the pathways to enable new recruits into the profession, such as through OPSS's instrumental role in the development of a Regulatory Compliance Officer apprenticeship, working with the Chartered Trading Standards Institute and others, to improve entry routes into careers in regulatory services. In addition to this OPSS also places an emphasis on fulfilling specialist or national functions at the national level.

3.5 Local authority regulatory services, and the Trading Standards workforce, are funded from local budgets in line with local decision-making. OPSS will continue to support services as outlined above and to inform central government discussions on the effectiveness of services.

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.

Recommendation implemented

6.2 OPSS published the OPSS Product Regulation Strategy 2022-2025) in August this year.

6.3 The strategy sets out a clear and flexible framework to enable OPSS to continue to function as a transparent, accountable, and impartial regulator. It sets out how OPSS will deliver on its purpose "to protect people and places from product-related harm, ensuring consumers and businesses can buy and sell products with confidence".

6.4 The strategy sets out target outcomes:

- People are protected from product-related harm.
- Consumers can buy and use products with confidence.
- Businesses comply with their legal obligations.
- Responsible businesses can operate with confidence.
- Product regulation supports the transition to net zero.
- The environment is protected from product-related harm.

6.5 In addition, the strategy sets out delivery priorities against five objectives:

- Deliver protection through responsive policy and active enforcement.
- Apply policies and practices that reflect the needs of citizens.
- Enable responsible businesses to thrive.
- Co-ordinate local and national regulation.

- Inspire confidence as a trusted regulator.

6.6 The framework it sets out will allow OPSS to adapt to changing circumstances, whilst remaining focused on our core role to provide protection and enable growth within a well-regulated environment for businesses and consumers.

6.7 The governance arrangements for OPSS remain 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
- Treasury Minutes Progress Report - June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 above), the remaining recommendation is updated below.

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.

Recommendation implemented

3.2 The Ministry of Defence (the department) has reset the Defence Estates Optimisation (DEO) portfolio in line with the Future Soldier 2021 capability requirements. The department is continuing to optimise its use of the current estate to ensure it is appropriately located, resilient and sustainable to provide better value for money. As notified on 19 July 2021, the department is no longer pursuing a 30% estate reduction. The department will meet new capability demands through the DEO portfolio and be an important but not exclusive part of optimising the estate.

3.3 The DEO portfolio SRO is working closely with the Infrastructure and Projects Authority and is engaging with a client-side partner to provide private sector and industry knowledge for maximising returns. The new Chief Executive of Defence Infrastructure Organisation (DIO) brings public and private sector infrastructure delivery expertise which has assisted with the design of the new Delivery Commercial and Procurement Strategy (DC&PS), a new procurement approach. DC&PS is designed to significantly reduce construction timescales at new capability sites, maximising two-stage design and build procurement, and in turn reduce the planned timescales of disposals. The SRO is working closely with the Department of Levelling Up, Housing and Communities to ensure delivery of public sector land release targets are met.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 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.

Recommendation implemented

2.2 The Department for Education (the department) is taking a gradual approach to transition through requiring local authority funding formulae to move their factor values at least 10% closer to the National Funding Formula in 2023-24.

2.3 The department has now published 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. The analysis can be found in Annex C of The national funding formulae for schools and high needs. The analysis will be updated annually for each subsequent transitional year.

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)
- Department of Health and Social Care Annual Report and Accounts 2020-21 (HC 1053)
- Treasury Minute January 2022 (CP 603)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 691), 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.

Recommendation implemented

1.2 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%.

1.3 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, and 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.

1.4 UKHSA regularly publishes performance information and supporting methodology covering the latest information available and has continued to adapt it as the government's plans and objectives for its services have developed during the course of the pandemic.

1.5 UKHSA is developing a Performance Management Framework that aligns deliverables from the Remit Letter with strategic objectives and business activity into coherent measurable metrics and Key Performance Indicators as part of the framework agreement with the Department of Health and Social Care (DHSC).

1.6 UKHSA has agreed with DHSC that its 3-year strategy will begin in the next financial year, covering 2023-24 to 2025-26. It is therefore now planned to publish the UKHSA strategy in early 2023.

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.

Recommendation implemented

3.2 UKHSA received its Spending Review settlement in April 2022 and immediately began developing a comprehensive 3-year strategy and suite of business planning products that demonstrate the agency's ability to deliver stated benefits within the FY2022-23 budget envelope. These deliverables fully align with the expectations set out by DHSC in the Remit Letter, published on 12 August 2022, which outline's UKHSA's standing capacity to prepare for, prevent and respond to threats to health

3.3 UKHSA has also adapted to the post-pandemic budget by implementing organisational changes that will return better value to the taxpayer, in line with UKHSA's year 1 goal of establishing a high-performance, cost-effective agency. UKHSA has driven a rapid scale-down of activities and significantly reduced headcount and restructured the organisation During this time UKHSA has continued responding to a range of incidents such as Monkeypox, Ebola and Polio.

3.4 UKHSA is developing a Performance Management Framework that aligns deliverables from the Remit Letter with strategic objectives and business activity into coherent measurable metrics and KPI's as part of the framework agreement with DHSC

3.5 UKHSA is working with DHSC on the business planning for FY2022-24 detailing how it will use its future funding to deliver its priorities in the coming financial year. UKHSA is also making progress on updating its strategic approach to health security science, its laboratories and other resources and its global approach, in line with UKHSA's expanded remit.

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.

Recommendation implemented

5.2 UKHSA wrote to the Committee with updates on progress as directed on 27 April 2022 and on 10 June 2022.

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)
- Treasury Minutes Progress Report - June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 691 above), the remaining recommendations are updated below.

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.

Recommendation implemented

4.2 Transport for London (TfL) published the Elizabeth line benefits framework on 26 July 2022. It provides an overview of how TfL and the Department for Transport (the department) will work with other stakeholders to manage and maximise the benefits. It sets out the activities required to study the impacts of the Elizabeth line and how evidence will be gathered to assess whether it has generated the expected benefits.

4.3 The department and TfL continue to take a joint approach through the Elizabeth Line Benefits Forum which was set up to coordinate and support benefit management activities. TfL are leading on activities to identify relevant benefit owners, to track and report on benefits, and work with benefit owners to ensure they can take any necessary action to ensure benefits are realised and to mitigate any unexpected disbenefits.

4.4 TfL published the Crossrail baseline study and accompanying technical reports on 28 September 2022, developed in collaboration with the department. The study provides detailed analysis of comprehensive baseline conditions for future post-opening evaluation. The findings cover early, pre-opening impacts following the announcement of Crossrail's construction in 2008 and covers the impacts to transport, economy, property, planning and regeneration.

4.5 In September 2022, TfL completed procurement of specialist support to carry out the first post-opening evaluation study with a focus on transport impacts. A comprehensive post-opening evaluation and assessment of transport outcomes is due to be published in mid-2024. The department will play a crucial role in development of the post-opening evaluation and will continue to support TfL during its development.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 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: Summer 2023
Original target implementation date: Spring 2022

1.2 The Department for Work and Pensions (the department) regularly reviews the situation and will be in a position to report back on an updated targeted once the annual Fraud, Error and Debt statistics are published in May 2023.

1.3 The department set out its approach in a letter to the committee dated 18 May 2022. That letter set out that a stable baseline is needed to set a target to provide clarity about the starting point against which the department will deliver savings. Uncertainty about the underlying growth in propensity to commit fraud across the economy remains the same. The department is regularly reviewing the situation.

1.4 A further update was provided to the Committee at the hearing in July 2022, at which the department committed to continuing to measure and identify the savings from counter fraud and compliance teams, including the effectiveness of interventions. This includes the £613 million investment that is set to deliver £2 billion of savings over the course of the spending review period. The department will use its annually managed expenditure metrics to measure the effectiveness of the work being undertaken.

1.5 The department's Annual Report and Accounts will set out the savings the department is achieving on fraud and error. The department will continue to engage with the National Audit Office on this work

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.

Recommendation implemented

3.2 The department has developed an Annually Managed Expenditure (AME) measure of the net value of the savings achieved through dedicated fraud and error functions. This covers the prevention of new errors entering the system as well as detecting overpayments and underpayments, stopping their continuation and the recovery of overpayments found.

3.3 After discussion with the National Audit Office, the department included the Annually Managed Expenditure savings associated with the department's fraud and error activity for the first time in the department's Annual Report and Accounts 2021-22.

3.4 Updates are being provided quarterly through internal governance arrangements on the effectiveness of the activities.

3.5 The department is undertaking analysis to broaden its ability to include other activities that contribute towards fraud and error reduction, such as processing changes of circumstances and other prevention activity.

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.

Recommendation implemented

5.2 The department set out its plan to tackle fraud and error, including that generated as a result of capital or self-employed fraud, in May 2022 in 'Fighting Fraud in the Welfare System'.

5.3 This announced an investment of £613 million over the next three years as a boost to the department's counter fraud frontline, including 1,400 more counter-fraud staff and 2,000 staff for the Targeted Case Review. It also set out the departments plans to legislate for new powers to access third party data, impose penalties and enhance the department's information gathering powers.

5.4 The department set out further details of this plan in the Annual Report and Accounts, published in July 2022. These include system changes such as the re-introduction of Gainful Self-Employment interviews for all new self-employed claimants to prevent self-employment fraud entering the system and improving the claim process for capital declarations which saw significant benefits following its introduction. The Committee hearing in July also provided the opportunity to add further detail.

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 Session 2021-22 (CP 603)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691), the remaining recommendations are updated below.

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.

Recommendation implemented

6.2 The Department for Business, Energy & Industrial Strategy's previous update in June 2022 explained that the Shareholder Relationship Framework Document which governs the relationship between the British Business Bank and the Secretary of State for BEIS was in the process of 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.

6.3 The changes to the Shareholder Relationship Framework Document have now been finalised and the updated document will be published in due course. The department has written to the Committee separately to share the outcome of its considerations in respect of the Bank's operational independence and to acknowledge the delay in implementing this recommendation.

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.

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

7.2 The Department for Business, Energy & Industrial Strategy, HM Treasury and the British Business Bank have collectively produced a report setting out the lessons that have been learnt in the delivery of the COVID-19 loan schemes. The report is being finalised and it will be presented to the Committee in the coming weeks. The Committee has been notified separately about the delay to the department's original target implementation date.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 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 To help the supplier market build capacity, the government has invested over £6.6 billion this Parliament on improving energy efficiency and low carbon heating, including through a number of domestic "Help to Heat" schemes. By growing supply chains and prioritising policies that provide support for the fuel poor, these policies can have a transformative impact, particularly on low-income households.

1.3 The Net Zero Review, led by Chris Skidmore MP, will report by the end of the year and in responding to this the government will set out in further detail how interim milestones to reaching Net Zero will be met in a way that drives the most growth in the economy.

1.4 To better understand supply chain capacity the department commissioned a market insight study that reported in September. To follow up from this, an ongoing, regular check of key indicators to assess supply chain growth and change is being developed which will be used to support future policy and delivery decisions. Future updates to this document will include further information as to the specific indicators being used. The Department for Business, Energy and Industrial Strategy has built on its previous £6 million funding that delivered 7,000 training opportunities, to launch a further £9.2 million funding competition covering insulation, low carbon heat and retrofit training.

1.5 To reach the Net Zero targets requires a skilled workforce, the government is delivering the £2.5 billion National Skills Fund, Green Skills Bootcamps and the £47 million Public Sector Low Carbon Skills Fund, to support development of public sector decarbonisation projects.

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.

Recommendation implemented

2.2 The Implementation and Delivery Directorate continues to improve how the department's investment appraisal system works to ensure that only projects and programmes that meet the Accounting Officer criteria, including feasibility, are approved. The Tier 1 investment committee (Projects and Investments Committee - PIC) has increased its membership to ensure it is providing robust advice for the volumes, as well as the previously reported launch of a new Assurance and Approval Framework which balanced the need to apply robust scrutiny with the desire to speed up approvals. The Assurance and Approval team has primary responsibility within Implementation and Delivery Directorate and with other core functions across the department to support PIC decision making, which underpins any decision by the Permanent Secretary to seek a Direction and in making AO Assessments.

2.3 The Delivery Transformation Programme has completed tranche 1, which included the completion of a BEIS Project Delivery Lifecycle - as part of the BEIS Project Delivery Toolkit. This includes details and recommendations on best practice for Planning, Risk Management, Reporting, Benefits Management, Project Assurance and Business Case Approvals, Governance Framework and Portfolio Management Framework.

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.

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.

Recommendation implemented

4.2 As of 7 October 2022, 863 Microgeneration Certification Scheme (MCS) certified installer companies had registered a Boiler Upgrade Scheme (BUS) account with Ofgem. The government continues to engage with MCS, trade associations and industry, including through quarterly industry forums, to investigate ways to continue to grow the number of BUS-registered installers and their engagement with the scheme. A marketing campaign is planned for the start of 2023 to encourage further uptake and deployment.

4.3 Although there is not a job creation target under the BUS, the government publishes monthly statistics which include the regional breakdown of heat pump deployment under the scheme. This ensures continued monitoring of the distribution of installations taking place across England and Wales.

4.4 An evaluation of the scheme will be carried out. As part of this, research will be conducted with BUS-registered installers, and will aim to gain further understanding of the number of jobs being supported by the scheme and whether this changes over time.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691), the remaining recommendations are updated below:

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.

Recommendation implemented

4.2 The last update to the Committee in June 2022 detailed the extensive range of activities that have been undertaken, or were planned, around the continuance of the Police National Computer (PNC) and ensured robust operation while running in parallel with the development of the Law Enforcement Data Service (LEDS).

4.3 The Home Office, (the department) has now completed all of the activities to upgrade the current PNC hardware and software which will ensure added resilience of the current service and also supports the functionality needed for the transition to the new LEDS.

4.4 Additionally, the department has been able to negotiate and agree extensions to the support contracts for the PNC which will ensure that the service is supported through to 31 March 2026.

4.5 As a result of these two actions, the department now has more time to consider whether there will be a need to invoke the contingency plan of re-platforming PNC. This additional time will allow the department to gain greater assurance that the new LEDS products are working well and are being successfully rolled out to police forces ahead of a decision on the contingency being made. The latest date for a decision on the contingency option is now August 2023. The department is increasingly confident that it will not need to use this option but retains it as a fallback position in the event that things do not progress as planned.

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: April 2023
Original target implementation date: April 2022

5.2 The department continues to work on the business case for maintaining the Police National Database (PND) and ensuring that this fits with wider technology changes happening in the policing technology arena. Funding has been provided for initial programme mobilisation ahead of the decision being made on the business case to ensure that essential work to maintain PND progresses.

5.3 As part of the business case process, the department will need to take a view on how much investment is needed in PND to ensure that policing continue to have access to the data that is required. The programme team are taking the time needed to work through options to ensure that a balance can be struck between investment in PND and other priority policing technology programmes. For this reason, the revised target implementation date has been moved from September 2022 to April 2023.

5.4 The programme has made good progress on addressing previous feedback in relation to the business case provided through the department's internal governance and will be providing a further update to the Home Office Finance and Investment Committee (FIC) in November ahead of the business case being considered in April 2023.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 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.

Recommendation implemented

1.2 The Central Digital and Data Office (CDDO) successfully launched the Digital and Data Essentials (DDE) on 31 May as a common standard for digital, data and technology skills that senior civil servants require. This was embedded as a standard in commitment 16 of Transforming for a Digital Future in which the CDDO outlined the target to have upskilled 90% of SCS by 2025.

1.3 Having defined the standard, the government has begun the process of launching learning and development products linked to the DDE. This has included the ongoing roll-out of the Data Masterclass for Senior Leaders which has been delivered to over 5,000 participants including ministers, special advisors, permanent secretaries and senior civil servants and has recently extended its reach to aspiring leaders at grades 6 & 7.

1.4 The CDDO is facilitating an Autumn of Digital Learning which began with the Innovation Masterclass for senior leaders (and aspiring leaders) in September 2022. The Autumn of Digital Learning will deliver spotlight webinars on digital and data subjects, innovation mentoring clinics and a spotlight on two courses: Debiasing Decision Making and Agile Awareness to encourage upskilling in these vital areas.

1.5 In January 2023 the CDDO will pilot two additional courses directly linked to the DDE entitled Digital Leadership and Data Essentials. Thereafter the CDDO will continue to establish specific learning programmes linked to the DDE throughout 2023. This will be established via the creation of new learning in-house, delivery via third parties and the scaling of pre-existing departmental learning content to the cross-government audience.

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, unsupportable, 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 The Central Digital and Data Office (CDDO) is currently mapping, baselining, and prioritising critical legacy across several government departments using a systematic approach and common assessment framework. The CDDO is focusing particularly on the seven major departments with the most significant legacy estates, and will produce a baselined picture of the most significant legacy systems and their risks, with milestones for action, for the Committee by the end of 2022.

2.3 After implementing this framework, the 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 Digital, Data and Technology (DDaT) Quarterly Business Reviews jointly chaired by the 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 Cabinet Office set out its ambitions for digital transformation in [Transforming for a Digital Future](). Mission One sets an ambition to transform 50 of the top 75 government services to a great standard by 2025. To baseline performance, the CDDO and the

Government Digital Service (GDS) are delivering 15 service sprints. Each service is assessed for whether incremental or radical reform is needed, through a consistent process involving analysis of the team set up, performance against common metrics, and estimation of the total efficiency opportunity. Through the sprints, the CDDO is developing criteria for defining a 'great' service which will be used to assess service transformation programmes.

3.3 The sprints have revealed organisational challenges, including that truly multi-disciplinary structures are not common and that accountabilities can be unclear. The CDDO is engaging with departments and the Policy Profession to reinforce product-centric ways of working and help develop multidisciplinary teams.

3.4 Mission Six aims to remove institutional barriers and create the conditions for successful investment and delivery. The CDDO continues to work with HM Treasury, the Infrastructure and Projects Authority (IPA) and colleagues across government to this end. Transforming for a Digital Future provides the infrastructure to hold the CDDO and departments accountable for driving the redesign of whole systems via permanent secretary-level sponsors for its six missions, which include transformational programmes. The CDDO tracks the progress of these missions and programmes through Quarterly Business Reviews and reports back to sponsors, tracking both incremental and wholesale digital transformation to drive modern, efficient ways of working. Expert Digital assessment is embedded in IPA reviews and Cabinet Office procurement controls.

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 The CDDO will work with government departments to improve the management of large-scale programmes involving transition from legacy systems to new solutions. The CDDO will monitor the cross-government legacy estate using its legacy framework, while also producing guidance for departments on how to execute legacy integration and transition effectively. The CDDO is investigating the feasibility of automating surveillance of legacy within departments allowing dynamic visibility of legacy transformation.

4.3 Programmes will also be assured by the CDDO against the Technology Code of Practice, working closely with departments to ensure that the most complex and contentious issues are surfaced and fixed. Where possible, this will be done collaboratively through the pipeline process, allowing high-performing departments with mature digital practice some autonomy to drive change with little oversight and those which are struggling to receive targeted support. The CDDO is developing a set of red lines which will form a minimum standard for all digital and technology projects in government. Beyond that, the CDDO will support teams to consistently exceed this standard, using the Technology Code of Practice to drive quality improvements. Added to this, digital services will be assessed against the Service Standard at key stages to ensure projects remain on-track, in a process proportional to maturity of the service, the practice and the department.

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 life cycle.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The CDDO uses the Technology Code of Practice as the expected standard in the spend controls process. The commercial guidance (point 11) contains information on departmental purchasing strategies and guidance on choosing when to build and when to buy technology. The DDaT Playbook, developed by government DDaT and commercial functions, provides government policy and 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.

5.3 The CDDO will support departments to improve their overall digital maturity through the updated DDaT Functional Standard and accompanying DDaT Assessment Framework. The Standard outlines best practice for how all digital, data and technology work 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 the CDDO's wider performance and maturity framework processes.

5.4 The draft standard has been developed by the CDDO, the central Cabinet Office Functions team, and practitioners across departments. The standard is in the consultation phase with departments. The DDaT Assessment Framework will be piloted with a group of departments ahead of full publication.

5.5 The CDDO is building in-house initiatives that help to reduce reliance on outsourcing. In October 2022, the CDDO welcomed the first 'software graduate programme' intake, matching software graduates with departments. In Summer 2022, CDDO ran a digital 'summer diversity intern programme'. The CDDO has just concluded an 'innovation fellows' programme, matching private sector expertise with the most significant digital projects in government.

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.

Recommendation implemented

6.2 The measurement of Capability Strategy will primarily be against the relevant commitments under mission five of Transforming for a Digital Future. These metrics will be tracked via the Quarterly Business Reviews process.

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)
- Treasury Minutes Progress Report: June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 691 above), the remaining recommendations are updated below.

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 The government is conducting a review of the 25 Year Environment Plan; the refreshed plan is due for completion in January 2023.

2.3 The government will report annually, starting in January 2023, on the delivery of targets within its statutory Environmental Improvement Plan, as required under the Environment Act 2021. This will include metrics about the performance and contribution of Environmental Land Management schemes. This will enable Parliament and the public to determine what progress is being made towards meeting the objectives in the 25 Year Environment Plan.

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.

Recommendation implemented

3.2 The government published an update to the Agriculture in the UK Evidence Pack in September 2022. This summarises information on farming incomes and productivity in the sector. To support productivity growth and profitability over the transition and beyond, funding from direct payments withdrawal will be reallocated to multiple streams including:

- investing in targeted research and development through the Farming Innovation Programme;
- support for capital investment through the Farming Investment Fund; and,
- supporting farmers to make productivity improvements through advice offered under the Farm Resilience Fund.

As agreed in the Agriculture Act, the government has published the United Kingdom Food Security Report 2021. This report provides an updated figure of the proportion of the food consumed that is produced in the UK, which is 54%.

Thirty-Second Report of Session 2021-22

Department for Digital, Culture, Media and Sport

Delivering gigabit-capable broadband

Introduction from the Committee

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

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

Relevant reports

- NAO report: Improving broadband – Session 2019-21 (HC 863)
- PAC report: Delivering gigabit-capable broadband – Session 2021-22 (HC 743)
- Treasury Minutes – April 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 649) the remaining recommendations are updated below.

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

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

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

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Digital, Culture, Media & Sport (the department) agreed a set of appropriate metrics and publication cycle with the National Audit Office.

1.3 In March 2022 our response to correspondence from the Committee included the department's plan to cover these metrics in our quarterly updates. We agreed that the regular reports were to include the following metrics, each expressed in terms of percentage of UK premises (residential and businesses) with gigabit services available at the measurement date:

- level of gigabit coverage for UK overall;
- level of gigabit coverage for each Nation and Region;
- level of coverage of gigabit-capable coaxial cable and full fibre networks;
- level of coverage of Openreach, KCom, Virgin Media and alternative network providers' gigabit capable networks;
- level of gigabit coverage for rural premises across the UK and in each Nation;
- level of gigabit coverage for business premises in the UK.

1.4 Each of these metrics have been covered in Building Digital UK's (BDUK) Spring Update (published in May 2022), Summer Update (published in August 2022), and BDUK will continue to publish them in subsequent quarterly updates.

1.5 We will also continue to publish the latest information on procurements, vouchers, hubs and the progress of Project Gigabit (as also set out in the department's letter of 25 March 2022 to the Committee).

1.6 In addition, in July 2022 BDUK published its first annual Performance Report, showing that the department has passed 741,000 premises with gigabit-capable connectivity up to the end of 2021-22 (see response to recommendation 2 below).

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

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

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

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The department promised to address this recommendation in its letter of 25 March 2022 to the Committee, in which the following metrics were promised:

- actual gigabit coverage provided as a consequence of BDUK interventions in uncommercial areas for the preceding financial year, measured with reference to the profile for the year, as set out in its Corporate Plan;
- actual gigabit coverage provided as a consequence of BDUK interventions in uncommercial areas for the preceding financial year in each Nation and Region;

- actual gigabit coverage provided as a consequence of BDUK interventions in uncommercial areas for the preceding financial year benefiting rural premises and premises currently without superfast broadband;
- actual gigabit coverage enabled by each intervention approach (ie existing superfast contracts, new gigabit procurements, vouchers).

2.3 BDUK published each of these in its 2021-22 Performance Report, in July 2022.

2.4 As of September 2022, gigabit-capable networks are available to 70% of UK premises, including full fibre networks to 40% of UK premises, according to ThinkBroadband.com, up from just 6% at the beginning of 2019.

2.5 BDUK passed 741,000 premises with a gigabit capable connection through its subsidies by April 2022. In 2021-22 alone, BDUK subsidies led to 144,000 premises passed with gigabit capable connections.

2.6 As set out in the letter dated 25 March to the Committee, BDUK will be publishing its next Performance Report as part of its 2022-23 Annual Report and Accounts.

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

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

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

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 In its last response to this recommendation, the department set out that BDUK would produce a corporate plan for 2022-23 that would include a baseline trajectory for the progress required each year for the department to achieve its minimum target of 85% gigabit coverage by the end of 2025. This was to include BDUK's planned contribution of at least 5% in uncommercial areas.

3.3 In April 2022 BDUK published its first Corporate Plan.

3.4 This sets a minimum target for BDUK subsidies to have passed 1.56 million premises with gigabit-capable connectivity by the end of 2025.

3.5 The department remains confident that 85% of premises will be passed by the end of 2025. BDUK's 2021-22 Performance Report showed that by April 2022, 741,000 premises had been passed by government subsidy, versus a target of 720,000.

3.6 Since the department's letter of 25 March 2022, BDUK awarded contracts to connect 76,000 premises in the following areas:

- North Dorset (Lot 14.01)
- North Northumberland (Lot 34.01)
- Teesdale (Lot 4.01)
- Cumbria (Lot 28)

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

3.7 The government agrees with the Committee's recommendation.

Target implementation date: December 2022

3.8 In the last Treasury Minute, the department noted how BDUK's overall programme strategy, design of its interventions and procurement approach, balances the need to be dynamic and responsive to the market's plans while maintaining a minimum level of certainty that suppliers will build viable networks to uncommercial areas, ensuring appropriate value for money.

3.9 The department noted that its first round of procurements would be completed by the end of December 2022, and this remains on schedule.

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

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

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 As with recommendation 1 above, BDUK implemented this in its Spring Update, the Summer Update, and will continue to publish this data from ThinkBroadband and Ofcom in the subsequent updates.

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

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

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

6.2 The department set out in its last Treasury Minute Response published in April 2022, the March correspondence, and the hearing with the Committee in June that BDUK is committed to produce delivery profiles beyond the 85% in 2025.

6.3 In the April 2022 Treasury Minute, the department set out key milestones that would need to be met to build a delivery profile beyond 2025. BDUK expects these actions to have been completed by Summer 2023.

6.4 As promised, BDUK has provided information on the outcome of each procurement while this work is in progress, with the first regional "Type B" contract awarded for Cumbria in November 2022.

6.5 DCMS has undertaken further work on assessing the locations of, and potential solutions for, very hard to reach premises. This includes:

- updating our assessment of the benefits of improving broadband to these premises, to varying performance specifications;
- assessing the current line performance and reliability (where available);
- assessing whether these premises have already been delivered commercially or are within the scope of past or current interventions supported by the government.

6.6 DCMS currently anticipates that the number of premises in this situation will remain below 0.3% of the UK, based on assessment of:

- current reach and pace of rollout of Gigabit networks;
- reach of initial bids for procurements as part of project Gigabit;
- interest of suppliers in expanding projects under the Gigabit Voucher scheme, including the use of higher voucher values as announced on 30 November 2022, for gigabit projects using both wired and wireless technologies;
- expected continued growth in commercial ultrafast wireless networks.

6.7 DCMS is also announcing the initial interventions available to premises that may prove to be Very Hard to Reach before the end of 2022. DCMS also indicated the manner in which it currently expected to bring forward any further interventions, reflecting further outcomes of BDUK procurement and market developments.

Thirty-Fourth Report of Session 2021-22

Department for Levelling Up, Housing and Communities and HM Treasury

Local Government Finance System: Overview and Challenges

Introduction from the Committee

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

The Department for Levelling Up, Housing and Communities (the Department) is responsible for working across government to support HM Treasury (the Treasury) to make major decisions about local government funding and it plays a significant role in distributing that funding. The Department is also responsible for the accountability system that assures Parliament about how local authorities use their resources, including preventing and responding to financial and service failure.

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

Relevant reports

- NAO report: The local government finance system in England: overview and challenges – Session 2021-22 (HC 858)
- PAC report: Local Government Finance System: Overview and Challenges – Session 2021-22 (HC 646)
- Treasury minute: April 2022 (CP 649)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 649) the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Target implementation date: end of 2022

1.2 Since the government's last update to the Committee, the Department for Levelling Up, Housing and Communities (the department) published details in April 2022of the extensive work undertaken to improve the content, presentation, accessibility, and quality of its regular data collections. The recommendations from this work have been set out and the department invited local authorities to provide feedback on the proposals over Summer 2022. Initial changes will be incorporated into returns for 2023, while some other proposals need further development and testing with local authorities, and so are expected to be introduced in 2024.

1.3 The Levelling Up White Paper of February 2022 announced that the government is also establishing a new independent body focused on data, transparency, and robust evidence to enhance the government's understanding of place-based leadership, quality of local service delivery and organisational efficacy. The government recognises it is important to get this right and so is taking a phased approach to delivering the new body (the Office for Local Government). Local political leaders are keen to have more detailed conversations and this phased approach will provide time for the department to work with the sector to ensure it focuses on the right areas and achieves what it is setting out to deliver.

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

2: PAC recommendation:

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

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 In addition to the actions set out in the government's response to the Committee's recommendation, the government is also taking forward provisions in the Levelling Up and Regeneration Bill to provide new powers to directly intervene where local authorities are taking excessive financial risk through capital activities. The proposed legislation sets out the risk areas as: disproportionate debt; exposure to commercial investment; exposure to risky forms of debt; and failure to make adequate Minimum Revenue Provision (MRP). Ahead of these powers coming into force the department has identified, and is engaging with, a small number of authorities who would come under the scope of the new measures or are otherwise of concern. This engagement has exposed significant risks in a few of these authorities and the department is taking swift and appropriate interventions action where this is the case.

2.3 The government consultation on strengthening compliance with the MRP concluded on 8 February 2022. The responses highlighted potential unintended consequences to service delivery, and so the government revised its proposal and conducted a second consultation in July 2022. The government remains committed strengthening the regulations, but due to the additional accounting complexities of the proposal it will first consult on updating statutory

MRP guidance to make sure all risks are mitigated. The government has communicated to the sector that the changes to MRP Regulations are planned to be in place from April 2024. The consultation on updating the MRP statutory guidance is planned for early 2023.

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

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

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: January 2023
Original target implementation date: Spring 2022

3.2 The government recognises the value of an effective local audit system, focused on addressing weaknesses in the sector. Action on multiple fronts is taking place; whilst engagement continues with stakeholders such as the National Audit Office, the Financial Reporting Council (FRC) and local government among others.

3.3 The government remains committed to providing the Committee with regular updates on progress. The department wrote to the Committee in September 2022 with a full update on its programme of work and will update further in January 2023. Recent developments include:

- Financial Reporting Council's first director of local audit starting his role in September 2022. This has enabled the department to commence work on a Memorandum of Understanding with FRC to establish their shadow system leader responsibilities. This will require approval through FRC's governance processes and publication is expected in January 2023. The new target implementation date reflects the commencement of the new director and that shadow plans are now being discussed and agreed.
- Under the oversight of the department, Public Sector Audit Appointment Ltd (PSAA) concluding procurement for the 2023/23-2027/28 audit contracts. Despite challenges, PSAA has achieved capacity to appoint auditors to 470 authorities.
- The department is continuing with preparations to launch the technical advisory service and local audit qualification, to bolster capacity and capability in the market. Expected April 2023.
- To address issues relating to the audit of infrastructure assets, which have exacerbated delays to the closure of the 2020-21 accounts, the government has worked with CIPFA Local Authority (Scotland) Accounts Advisory Committee (LASAAC) to find a temporary solution. To implement this, secondary legislation will be introduced to specify an accounting treatment for local authorities to follow, while CIPFA LASAAC continue to develop a longer-term solution.

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

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

7.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023
Original target implementation date: Summer 2022

7.2 While the government has invested in local economic growth through a wide range of competitions and grants, it recognises that the sheer number of different funding streams has become burdensome for some councils to navigate and deliver. Initial steps have been taken to address this complexity in the funding landscape. For example, the Levelling Up Fund provides cross-departmental capital investment in local infrastructure. The UK Shared Prosperity Fund will provide resource focused investment to support people, boost pride in place and strengthen communities.

7.3 As announced in the Levelling Up White Paper the government will set out a plan for streamlining the local funding landscape, which will include a commitment to help local stakeholders navigate funding opportunities. This review will be guided by the principles of reducing the unnecessary proliferation of funding pots with varied delivery approaches, streamlining bidding, and tailoring investment and delivery to local institutional landscapes.

Thirty-Fifth Report of Session 2021-22

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

The Pharmacy Earlier Payment and Salary Advance Schemes in the NHS

Introduction from the Committee

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

Relevant reports

- NAO report: Investigation into supply chain finance in the NHS – Session 2021-22 (HC 734)
- PAC report: NHS supply chain finance – Session 2021-22 (HC 745)
- Treasury Minutes – April 2022 (CP 649)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 649 above), the remaining recommendation is updated below.

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

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

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The Department of Health and Social Care has a policy in place for the use of the NHS brand. The NHS Identity Guidelines website was updated in April 2022 to include a new paragraph to make it clear that NHS staff are not permitted to endorse a third party in a private or professional capacity. This paragraph is as follows:

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

Thirty-Sixth Report of Session 2021-22

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

EU Exit: UK Border

Introduction from the Committee

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

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

Relevant reports

- NAO report: The UK border: Post UK-EU transition period – Session 2021-22 (HC 736)
- PAC report: EU Exit: UK Border – Session 2021-22 (HC 746)
- Treasury Minute: April 2022 – Session 2021-22 (CP 667)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 667) the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: May 2023
Original target implementation date: October 2022

1.2 While freight volumes have generally approached pre-pandemic levels, passenger car volumes have improved but only the seasonal peaks have reached 2019 levels. Observed numbers aligned with our range of short-term demand scenarios and operators' expectations but given commercial sensitivities the figures cannot be published.

1.3 The only significant disruption was on 22–24 July 2022 which, as the start of school holidays and the busiest weekend of the year thus far for passengers at the Short Straits, the disruption was caused by fewer French border officials staffing the controls at Dover than expected, and a serious road traffic accident on the M20 motorway.

1.4 Kent Resilience Forum successfully deployed traffic management in response to this. Combined with significant activity across central government, saw the situation quickly improve and congestion ease by the Sunday evening, the 24 July.

1.5 The disruption of 22–24 July demonstrated that modelling cannot account for all eventualities and unforeseen issues. Nonetheless, the government demanded modelling underpinned the deployment of appropriate traffic management measures. The government continues to work with partners in Kent to produce forecasts to inform operational planning and are reviewing the events of the Summer to ensure any lessons learnt are implemented.

1.6 The implementation of the EU Entry/Exit System (EES) has been put back to May 2023, starting with a nine-month transition period. The government is intensifying its engagement with the French, operators and other relevant stakeholders with the aim of influencing the manner in which EES is implemented at the juxtaposed controls.

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

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

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The government has continued working with businesses to provide support through regular communication and webinars with policy specialists. In April 2022, rather than replicate the controls that the EU applies to their global trade and therefore, increasing administrative burdens on traders, it committed to developing a new Target Operating Model (TOM) for the UK border control regime, specifically biosecurity and security import controls, which minimises administrative burdens and embraces technology. It will digitalise end-to-end border processes, as part of government ambitions for a fully integrated Single Trade Window.

3.3 The government is committed to using technology to support growth by minimising the administrative burden upon exporters, by simplifying the application process for Export Health Certificates, removing repetitive manual processes, and removing the need for physical paper certificates. For plants and plant products it has delivered a trusted trader scheme to facilitate exports to the EU, providing businesses with the flexibility to manage their own export checks for certain goods, supporting time sensitive supply chains. During 2023, the govenrment will deploy a fully digital solution to replace paper phytosanitary certificates for exports to countries with equivalent technology.

3.4 The government is also separately continuing to review all customs rules and processes to ensure they are as light-touch as possible for small traders. For traders moving goods between Great Britain and Northern Ireland, the government introduced the Trader Support Service (TSS). This is a free-to-use service, which supports traders to complete declarations and educates them on the processes that apply under the Northern Ireland Protocol.

3.5 Last year's launch of the Export Support Service (ESS) provides a platform for UK businesses to access answers to practical questions about exporting to Europe by accessing cross government information and support. The Export Support Service has received over 11,500 enquiries, 93% from SMEs. ESS will extend support to exporters beyond Europe, covering all global markets, facilitating easier access to government support for businesses.

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

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

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 In April 2022 the government decided not to introduce the import controls it had originally planned for July 2022.

7.3 Rather than simply delay the introduction of import controls the government decided to conduct a fundamental policy review and to work with traders and border stakeholders to co-design a new Target Operating Model for the border, building on the strategic approach outlined in the Border 2025 Strategy. This new model will implement an approach to biosecurity and security import controls that works best for the UK, harnessing technology, streamlining processes and reducing frictions.

7.4 The government has been working with industry and the devolved administrations over the summer to develop this new model and intends to publish it as soon as possible. This work has included reviewing delivery plans for digital transformation programmes including that of the Single Trade Window. The publication of the Target Operating Model will include details of the programme of work required to implement the model, including our plans for delivering border import controls through the Single Trade Window. The government will share this with the Committee when it is published.

Thirty-Seventh Report of Session 2021-22

HM Revenue and Customs

HMRC Performance in 2020–21

Introduction from the Committee

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

Relevant reports

- NAO report: HM Revenue and Customs annual report and accounts 2020-21
- PAC report: HMRC Performance in 2020-21 – Session 2021-22 (HC 641)
- Treasury minute response April 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 667) the remaining recommendations are updated below.

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

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

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

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2023

2.2 HM Revenue and Customs (HMRC) and the Office for National Statistics (ONS) have published a joint article (29 September 2022) about the historical divergence between their respective estimates of expenditure on Research and Development (R&D). The article sets out an updated ONS methodology that will uplift Business Enterprise Research and Development estimates, reducing the gap with the HMRC data.

2.3 HMRC's estimate of the level of R&D error and fraud in 2021 to 2022 is 4.9% (£469 million) of the total expenditure cost of £9.5 billion. The level of error and fraud for the Small and Medium Enterprises (SME) scheme was 7.3% and the level for the Research and Development expenditure credit (RDEC) scheme was 1.1%.

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

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

2.4 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2023

2.5 HMRC is conducting a Mandatory Random Enquiry Programme (MREP) to build a better understanding of baseline levels of error and fraud. Once MREP results are available, HMRC will develop an action plan for error and fraud reduction and will write to the Committee in summer 2023 to share this.

2.6 HMRC has already introduced several measures to reduce error and fraud, including:

- deployed more compliance resource between 2021 to 2023, including accelerating the formation of the Anti-Abuse Unit (52 full time equivalent officers)
- improved data-led risking processes, which has led to more investigations of suspected serious fraud
- introduced a governance board to ensure HMRC is focused on the highest priority risks
- regularly evaluated the R&D risk control framework using feedback from compliance activity, enabling HMRC to identify recent criminal attacks
- undertaking one-to-many compliance activity, including with 6,500 customers in sectors the department would not normally expect to see claims from, to reduce the risk of non-qualifying claims being paid.

2.7 These measures are subject to quarterly review.

2.8 The government also announced a package of R&D reforms in autumn 2021 and further measures in Autumn Statement 2022. Together with the establishment of the Anti-Abuse Unit, this package should significantly reduce the number of spurious claims and improve HMRC's detection and rejection of such claims.

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

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

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

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 To maintain the fiscal scorecard, the department's core compliance work needs to keep the tax gap stable, which requires a level of compliance yield performance that demonstrates this to the Office for Budget Responsibility.

3.3 In any year, the department will decide how best to deploy its compliance resources against known risks in order to deliver the best outcomes. Compliance risks that were identified but not addressed during the COVID period can still be acted on. HMRC constantly assesses the full range of risks that are present, both new and historical, when deciding how best to deploy its resources. In some instances, the department will work newer, higher priority or higher value risks instead of acting on older risks. HMRC's robust risking processes allows them to prioritise activity.

3.4 During the pandemic, some customers struggled to engage with tax compliance checks, and HMRC deferred activity in cases where there would be no tax loss as a result. Of the 65,000 compliance cases where activity was deferred, 58,000 are now settled, 6,000 are still open and being worked and just 5 remain on hold as a result of COVID. The compliance yield from cases where activity was deferred as a result of COVID is: £883 million from settled cases, a forecast £478 million from open cases and an estimated £87,000 forecast from the 5 cases that remain on hold. The forecasts are subject to change as until the compliance check has been completed and all associated evidence evaluated, any final additional liability cannot be certain.

3.5 In 2021-22, the department collected or protected £30.8 billion compliance yield.

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

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

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

6.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2022

6.2 HMRC will write to the Committee with its update to this recommendation by the end of December 2022.

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

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

6.3 The government agrees with the Committee's recommendation.

Recommendation implemented

6.4 HMRC monitors demand across all its services on a weekly, monthly and quarterly basis to ensure that staff resources are deployed in the most effective manner. As demand for different services fluctuates, HMRC flexes staff between them.

6.5 HMRC customer advisers typically work across channels (phones and correspondence). This provides flexibility to manage fluctuations in the different types of customer demand.

6.6 HMRC continues to use supply options to enable it to meet demand flexibly; for example, deploying contingent labour. This allows them to be responsive to changes and peaks in demand.

6.7 The department has seen positive results:

- over the course of 2021-22 it worked hard to reduce the backlog of correspondence that had built up during the pandemic from its peak of 3.3 million in July 2021 to 1.9 million by the end of 2021-22.
- It also improved the proportion of customer correspondence that it turned around within 15 working days from 29.7% in April 2021, to 65.4% in March 2022 and as high as 77.9% in August 2022.

6.8 Part of HMRC's strategy to mitigate the impact of high demand on telephony and correspondence is providing digital services that allow customers to manage more of their tax affairs online and reduce the need for them to contact HMRC.

6.9 Millions of customers are now using HMRC's Personal Tax Accounts and Business Tax Accounts.

6.10 The HMRC Mobile App was used by 1.6 million users in 2021-22 and was accessed over 43.5 million times.

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

8a: PAC recommendation: HMRC should:

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

8.1 The government agrees with the Committee's recommendation.

Recommendation implemented

8.2 HMRC wrote to the Committee on 29 July 2022 setting out how it was working with the Government Property Agency, within the Cabinet Office, to optimise the use of office space across HMRC's estate to let vacant space to other departments.

Thirty-Eighth Report of Session 2021-22

HM Treasury

COVID-19 cost tracker update

Introduction from the Committee

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

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

Relevant reports

- NAO report: COVID-19 cost tracker – September 2021
- PAC report: COVID-19 cost tracker update – Session 2021-22 (HC 640)
- Treasury Minute – April 2022 (CP 667)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 667 above), the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

1.2 The government publishes a wide range of expenditure data, such as Budget and Spending Review documents, Public Expenditure Statistical Analysis (PESA) and the Whole of Government Accounts. However, HM Treasury recognises that the COVID-19 pandemic demonstrated the value of providing additional publications on expenditure in some instances. In particular where: spend can be clearly attributed to a distinct cause, values for the subset of expenditure can be reliably tracked at a proportionate cost, expenditure is rapidly evolving in quantum and scope, and where there is a clear public interest.

1.3 HM Treasury is committed to considering where it can best re-deploy the benefits of the COVID-19 tracker, providing timely and bespoke updates to supplement existing publications.

1.4 HM Treasury is therefore applying the lessons from the tracker in the way it assesses the spending implications of the UK's response to the invasion of Ukraine and provided an update on Ukraine spending in the Autumn Statement 2022, published in November. This follows on from the comprehensive breakdown of support for Ukraine that was set out in the Spring Budget 2022. The government also continues to publish regular updates on the numbers of Ukrainians coming to live in the UK.

1.5 HM Treasury will continue to consider how this approach can be applied to other thematic areas of public spending where it is appropriate.

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

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

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

2.2 HM Treasury recognises the helpful role the cost tracker has played in improving transparency on the cost of COVID-19, providing timely updates on the nature and scale of spend. The Treasury remains committed to monitoring and reviewing these costs, where there have been material changes that can be reliably attributed to COVID-19, and to publish updates.

2.3 These updates will be published annually for at least the next two years, with the first publication expected for Spring 2023. It will provide updates on the estimated lifetime costs of loans (including the Bounce Back Loan Scheme and loans through the Culture Recovery Fund), vaccines, and personal protective equipment. HM Treasury remains on track to meet the next publication date of Spring 2023.

Thirty-Ninth Report of Session 2021-22

Department for Work and Pensions

DWP Employment Support: Kickstart Scheme

Introduction from the Committee

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

Relevant reports

- NAO report: Employment Support: The Kickstart Scheme – Session 2021-22 (HC 801)
- PAC report: DWP Employment Support: Kickstart Scheme – Session 2021-22 (HC 655)
- Treasury Minutes: April 2022 (CP 667)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 667) the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Work and Pensions (the department) wrote to the committee on 1 July 2022 setting out it is standard practice to carry out a review when any programme or project concludes. The department has captured lessons learnt throughout the Kickstart scheme across all programme strands. These are available as an internal reference source to support the future design of the department's projects. The department has already applied and built upon the many new relationships with Kickstart employers during the Way to Work campaign.

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

1.3 The government agrees with the Committee's recommendation.

Recommendation implemented

1.4 The department previously committed to drawing on prior knowledge and experience of economic downturns to help any future response. This work has been carried out internally and is something that the department will continue to keep under review depending on the economic climate.

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

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

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Amendments have been made to both the business case and business case assessment guidance products used in the department. Plans are in place to provide details of statistics that will be published as part of Government Major Projects Portfolio reporting. Information on standards and quality criteria have been posted on the department's Intranet so that business case completers and assessors are clear on the quality criteria required for major projects. Discussions have also taken place with the Infrastructure and Projects Authority about these changes, and it is supportive of their introduction.

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

3.3 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

3.4 The department continues to carry out the evaluation of the Kickstart Scheme, according to the plans outlined previously, in order to evaluate its impacts as set out in the business case, as robustly as possible. It remains the plan of the department to publish process evaluation findings in Spring 2023, subject to ministerial approval and associated governance procedures and protocols

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

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

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2023
Original target implementation date: December 2022

4.2 The department continues to gather evidence of how effectively work coaches provide employment support. The department apologises that this work is taking longer than planned.

4.3 This work will help the department to further develop its evidence base on how employment support has been delivered during the COVID-19 pandemic and afterwards.

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

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

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

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department wrote to the committee on 31 May 2021.

5.3 The department concluded that a sample-check audit approach to checking employer compliance was not likely to be effective. Young people in a Kickstart job could raise any issues or concerns about their job with their work coach or Jobcentre Plus at any point. At voluntary month one and month four interventions young people were specifically asked if they were receiving employability support. The department has taken a risk-based approach to intervention with employers based on feedback from young people with their work coach or Jobcentre Plus.

5.4 Where grant agreements with Kickstart employers or gateway organisations have been rescinded or capped, the department is taking steps to pursue instances of potentially mis-spent funds.

Fortieth Report of Session 2021-22

HM Treasury

Excess Votes 2020-21: Serious Fraud office

Introduction from the Committee

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

HM Treasury is responsible for monitoring and overseeing Departments' compliance with the limits authorised by Parliament and for controlling adjustments to the approved limits during the financial year. If a department needs to adjust its budget during the year it has one opportunity to do so via a Supplementary Estimate, which is approved by Parliament towards the end of the financial year.[2]

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

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

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

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

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

Figure 1: Summary of 2020-21 Excesses

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

Relevant reports

- PAC report: Excess Votes 2020-21: Serious Fraud Office– Session 2021-22 (HC 1099)
- LGBCE Annual Report and Accounts - 2020-21 – (HC 330)
- DEFRA Annual Report and Accounts 2020-21 – (HC 909)
- Treasury Minutes – (CP 667)
- Review of R v Woods & Marshall by Brian Altman QC - Serious Fraud Office

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 667) the remaining recommendation is updated below.

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

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

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The Serious Fraud Office wrote to the Committee 21 July 2022 with its response to this recommendation. The Review's findings identify a combination of factors that led to the collapse of the R v Woods & Marshall trial including failures in the disclosure and quality assurance processes. It also identified other areas including resourcing, performance monitoring, and the impact of covid-19 restrictions on collaboration and communication as areas of concern that did not directly cause or contribute to the collapse of the case but are nonetheless of concern. The Review makes 18 recommendations, which cover resourcing, disclosure management and early defence engagement. The SFO accepts all recommendations, and their implementation is top priority for the SFO.

Forty-First Report of Session 2021-22

Department for Business, Energy & Industrial Strategy and HM Treasury

Achieving Net Zero: Follow up

Introduction from the Committee

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

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

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

Relevant reports

- NAO report: Achieving Net Zero – Session 2019-2021 (HC 1035)
- PAC report: Achieving Net Zero: Follow Up – Session 2021-22 (HC 642)
- Treasury Minute: April 2022 Session 2021-22 (CP 667)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 667) the remaining recommendations are updated below.

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

2: PAC recommendation: The Department should:

- ***Include consumer take-up relative to expectations, and how different social groups are being impacted, in its annual progress updates.***

- ***Conduct scenario planning to prepare for and inform situations where consumer take-up falls below expectations.***
- ***Evaluate the causes of any consumer take-up shortfalls, to inform policy responses.***

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2023
Original target implementation date: Autumn 2022

2.2 The government launched an independent review of net zero in September 2022, led by Chris Skidmore MP. The review is examining how to maximise the economic opportunities that net zero presents as well as increase innovation, investment, exports, jobs, and wider costs and benefits of net zero technologies. The review will report to government with a set of recommendations by the end of this year.

2.3 Work is in progress and the government expects to update on this and other policy areas after the review of net zero has concluded.

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

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

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2023
Original target implementation date: Autumn 2022

3.2 The government is absolutely committed to mobilising investment to support its net zero, energy security and economic growth objectives.

3.3 Recent data from BloombergNEF (BNEF) indicates that in 2021 alone £24 billion of new investment was committed across UK low carbon sectors. In the past two years, the government has helped secure nearly £20 billion in new, green foreign direct investment, creating over 11,000 new jobs.

3.4 The department looks forward to the recommendations from the review on net zero, led by Chris Skidmore MP, and continues to work with other departments across government to implement the programme of work outlined in original Treasury Minute response to the Committee. This includes engaging with investors and businesses across the UK economy, to understand what investment barriers they face, promote UK investment opportunities and consider targeted interventions to unlock economic and decarbonisation potential across the UK.

3.5 The government is committed to improving how it tracks investment into net zero sectors as a key component of net zero delivery. The government is commissioning external scoping research to explore the possible data sources and methodologies that could enable it to robustly monitor current investment levels against the investment needed to meet carbon budgets as outlined in the Net Zero Strategy.

3.6 The Committee has been notified separately about the delay to the department's original target implementation date.

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

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

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

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Following on from the original Treasury Minute response to the Committee that the department would set-up a Local Net Zero Forum to take forward work with local government and the commitments outlined in the Net Zero Strategy, the department can confirm that the Local Net Zero Forum has now been established. The Forum builds on existing engagement to bring together central and local government on a regular basis to discuss policy and delivery options on net zero, and significant collaborative work is taking place between meetings. This feeds into the development of government policy. The Forum will continue to support joint work by central and local government to achieve net zero.

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

5: PAC recommendation: The Department should:

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

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

5.2 The Net Zero Strategy sets out the government's initial response to the Green Jobs Taskforce, with work progressing further this year through the Green Jobs Delivery Group.

5.3 Since the publication of the Net Zero Strategy, the government has established a Green Jobs Delivery Group with industry, business and other key stakeholders and published a Climate and Sustainability Strategy for education and children's services. The Green Jobs Delivery Group is looking at key emerging workforce issues relating to the delivery of net zero and the UK's broader environmental goals. The Group will hold a range of deep dives and focus groups with private sector companies to develop action plans. Additionally, the latest phase of the Home Decarbonisation Skills Training competition launched in September 2022. This £10 million competition will fund training for people working in the energy efficiency, retrofit and low-carbon heating sectors in England. The previous £6 million phase of this scheme supported almost 7,000 training opportunities, including training for over 2,000 heat pump installers.

5.4 The training 'Climate and the environment: key things all civil servants should know' was rolled out to civil servants in April 2022 as part of the new Government Campus for skills. It provides:

- awareness and understanding of how human activity is driving climate change and environmental degradation
- the breadth of the government's agenda and
- the role of civil servants in delivering the agenda

5.5 The government has also established climate specific training within the Civil Service Fast Stream curriculum, and the first cohort began the scheme in September 2022.

5.6 Significant wider work continues to improve Civil Service skills. The Government Skills and Curriculum Unit (GSCU) was established in 2020, with a mission of ensuring suitably qualified and experienced civil servants, through a properly resourced Campus for training in Government.

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

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

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2024

6.2. The previous update to the Committee and the target implementation date remain relevant and work is ongoing. Some actions have been completed, including:

- Commissioned and completed research, conducted by WRAP (The Waste and Resources Action Programme), testing attitudes to reuse, repair and recycling and preferred labelling designs for furniture, bedding and electricals.
- Commissioned and completed research, conducted by DSS+, to establish a methodology for prioritising electrical products with the greatest potential for GHG abatement and waste reduction using resource efficiency interventions such as 'eco-design'

6.3. On the 3 August Defra published carbon footprint (consumption based emissions) at United Kingdom and England level, in the same publication for the first time. These statistics are no longer badged as experimental statistics as the methodology is considered to be sufficiently developed to no longer require that badge.

Forty-Second Report of Session 2021-22

Department for Education

Financial sustainability of schools in England

Introduction from the Committee

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

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

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

Relevant reports

- NAO report: Financial sustainability of schools in England – Session 2021-22 (HC 802)
- PAC report: Financial Sustainability of Schools in England – Session 2021-22 (HC 650)
- Treasury Minutes: 26 April 2022 (CP 667)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 667) the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Original target implementation date: March 2023
Revised target Implementation date June 2023

1.2 The Department for Education (the department) monitors variations in financial health with respect to both geography and school phase, and annually publishes detailed information on income, expenditure and revenue reserves of local authority-maintained schools that can be analysed by geographical area or phase. The latest data is published on Gov.UK at LA and school expenditure, Financial Year 2020-21 – Explore education statistics

1.3 As part of its research on the impact of financial pressures under recommendation 3 below, the department will collect perspectives on financial health and explanatory factors from local authority-maintained schools in different geographical areas. This research has been delayed in order for the research to properly to take into account the impact of financial pressures that schools may be facing in financial year 2022-23. The department will write to the Committee explaining the change to the timetable.

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

2: PAC recommendation: The Department should:

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

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The department wrote to the Committee on 13 September with an update about academy trusts holding large reserves.

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

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

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

3.1 The government agrees with the Committee's recommendation

Revised target Implementation date: June 2023
Original target implementation date: March 2023

3.2 In the light of rising inflation and growing cost pressures on schools, the department decided to delay the research to a time when schools could respond in an informed way about how they were reacting to financial pressures. The work will now start in early 2023 and report in June 2023. The department will write to the Committee explaining the change to the timetable. The department also continues to assess a range of data sources as part of its wider activity to monitor, support and strengthen the financial health of the sector.

Forty-Third Report of Session 2021-22

Ministry of Justice

Reducing the backlog in criminal courts

Introduction from the Committee

The Ministry of Justice (the Department) is headed by the Lord Chancellor and is accountable to Parliament overall for the effective functioning of the court system. Her Majesty's Courts & Tribunals Service (HMCTS), an agency of the Department, provides the system of support, including infrastructure and resources, for administering criminal, civil and family courts and tribunals in England and Wales and non-devolved tribunals in Scotland and Northern Ireland. The judiciary, headed by the Lord Chief Justice, is constitutionally independent from government. In the year to 30 June 2021 the criminal courts dealt with 1.24 million cases, including more than 90,000 in the Crown Court where the most serious cases are heard. Cases enter the system when a defendant is charged with an offence and are allocated a court date through a process called 'listing', which is a judicial function. The Department and HMCTS cannot intervene in the progress of an individual case.

Relevant reports

- NAO report: Reducing the backlog in criminal courts- Session 2021-22 (HC 732)
- PAC report: Reducing the backlog in criminal courts - Session 2021-22 (HC 643)
- Treasury Minute: May 2022 - Session 2021-22 (CP 678)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 678 above), the remaining recommendations are updated below.

1: PAC conclusion: Unacceptable delays to justice for victims, witnesses, and defendants is unlikely to be addressed by the Department's meagre ambition to reduce the Crown Court backlog by less than 8,000 cases by March 2025.

1: PAC recommendation: The Department should fully explore with the judiciary what reasonable expectations can be set around how long it should take for a case to be completed in the Crown Court and write to us with its findings within the next six months.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Ministry of Justice wrote to the Committee to confirm the department's findings on 7 September 2022.

1.3 The position outlined in the letter accords with the response of the Lord Chief Justice in his correspondence to the Judicial Response to the Committee on 1 July 2022.

2: PAC conclusion: Victims of rape and serious sexual offences are facing unacceptable delays to justice that compound and extend their suffering and lead to too many cases collapsing.

2: PAC recommendation: In its Treasury Minute response, the Department should set out its plan to assess the impact of its measures to support victims of rape and serious sexual offences and its progress on recruiting ISVAs.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

2.2 Since publishing the End-to-End Rape Review Report on Findings and Actions in June 2021, the department has boosted funding for victim support to at least £460 million over the next three years. Measures supported by this funding include, a new 24/7 Rape and Sexual Abuse Support Line expected to formally launch before the end of 2022 and the Rape and Sexual Abuse Support Fund (RASAF), which the department is recommissioning to make sure it meets the needs of all victims in the most effective way. The RASAF provides core funding across England and Wales for rape and sexual abuse support services run by independent organisations. The overall package also encompasses funding for Police and Crime Commissioners (PCCs) to commission local emotional and practical support for all victims, which includes ringfenced funding for sexual violence and domestic abuse community-based support and Independent Sexual and Domestic Violence Advisors (ISVAs/IDVAs). This ringfenced funding for ISVAs/IDVAs will increase the number of posts by 300 to over 1000 by 2024/25 – a 43% increase on the number of ISVAs and IDVAs over the next three years. Recruitment of these additional 300 posts commenced in May 2022.

2.3 In terms of assessing the impact of these measures, RASAF recipients and PCCs are required to report regularly to the Ministry of Justice on the activities and impact of their funding, which is monitored and analysed by the department. The department will continue to report its progress on recruiting Independent Sexual and Domestic Violence Advisers through the Rape Review Progress Reports, which are published every six months. The impact of victim support measures is also assessed through the quarterly published Criminal Justice System Delivery Data Dashboard and through the Rape Review's cross-system governance structures, focussed on implementation, which regularly review progress made against timelines set out in the Rape Review Action Plan.

3: PAC conclusion: We are not convinced that the Department can recruit enough judges to deliver on its ambition to reduce the Crown Court backlog.

3: PAC recommendation: in its Treasury Minute response, the Department should set out what specific actions it will be taking to ramp up recruitment while improving diversity in the judiciary.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: end of the spending review period (March 2024)

3.2 Annual judicial diversity statistics (published in July) show that as of 1 April 2022, fee-paid court judges have increased by 114 compared to 2021, including 60 additional Recorders and 23 Deputy District Judges, building a healthier fee-paid pool which supports salaried recruitment.

3.3 Recruiting sufficient salaried judges remains challenging but the department will monitor the impact on current District and Circuit judge recruitment from the action taken on remuneration in 2022: a 3% pay award taken together with the introduction of the reformed pension scheme which provides a significant overall increase in remuneration for the judiciary this year.

3.4 The department will assess the impacts on retention of the increase to 75 earlier this year of the judicial mandatory retirement age.

3.5 The department will also assess whether recent changes to recruitment (for example, reducing from 30 to 15 days the sitting experience required for those applying to be a District Judge) has increased the pool of applicants.

3.6 Alongside this, the department and Judicial Diversity Forum will continue its action to improve judicial diversity as set out in the Judicial Diversity Action Plan.

3.7 Recruitment for 80 Circuit Judges and 125 Recorders is underway with recommendations due early in 2023. Recovery continues to be supported by:

- increasing recruitment where there are higher numbers of appointable candidates;
- allowing crime Recorders to sit a larger number of days in 2022-2023 where there is business need;
- approval of District Judges (Magistrates Court) and Deputy High Court Judges to sit in the Crown Court; and
- approving Circuit and other judges to sit in retirement. The new sitting in retirement legislative provisions and policy came into effect on 1 October and may supplement recruitment.

5: PAC conclusion: Vulnerable users and people from ethnic minority backgrounds are potentially impacted disproportionately by efforts to tackle the Crown Court backlog, which the Department and HMCTS have not done enough to understand.

5: PAC recommendation: In its Treasury Minute response the Department and HMCTS should set out their plans to specifically evaluate the experience of victims, witnesses and defendants—particularly those deemed vulnerable and from ethnic minority backgrounds—in criminal courts.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

5.2 As part of the evaluation of HM Courts & Tribunals Service (HMCTS) reform, HMCTS will consider the experience of criminal court users. Field work is intended to commence in line with implementation stages of the Common Platform and other key crime reforms, as it seeks to understand how reform is affecting users. Findings are expected in Autumn 2024. These findings will inform the overarching evaluation of reform being conducted by MoJ. The overarching evaluation will also include analysis of MI data, including by ethnicity and vulnerability where data is available.

5.3 The department will be working with partners across the criminal justice system including the Home Office and the CPS on a programme of work to improve data and will consider how to incorporate recommendations on vulnerabilities and ethnic minorities as part of this wider strategy. The department is also a lead partner in the Better Outcomes through Linked Data (BOLD) programme, which is tackling some of the most complex criminal justice system issues by linking data held across multiple government Departments and agencies.

5.4 As referenced in the department's response to recommendation 6 below, the local criminal justice system scorecards for all crime and adult rape contain metrics which reflect the government's priorities for the Criminal Justice System. One of these outcomes is increasing victim engagement and the department will monitor the relevant metrics, including exploring additional ones, to better understand the experience of victims from all backgrounds.

6: PAC conclusion: We recognise the long overdue move towards bringing data on the criminal justice system together, although it is not clear how the Department will use this to improve performance.

6: PAC recommendation: In its Treasury Minute response, the Department should set out how the data it has developed and published will lead to improvements in performance and victims' experiences.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

6.2 The first quarterly, local Criminal Justice System (CJS) Delivery Data Dashboard (formerly Criminal Justice System Scorecards) for all crime and adult rape was published in March 2022, bringing together data from across the system for the first time. The Dashboard aims to increase transparency by providing a cross-system view of progress, including measures that matter most to victims.

6.3 The data in the Dashboard is categorised into priority areas which align with the cross-system objectives ministers are committed to achieve in the CJS, including increasing victim engagement, to ensure that victims are supported in the best possible way whilst they engage with the CJS. Setting out the priorities in this way is a signal to the wider System about the key outcomes the department is working towards – and victims are at the centre of that.

6.4 The data is scrutinised at a national level in government departments and operational agencies through governance structures such as the Criminal Justice Action Group (CJAG), chaired by the Permanent Secretary to the Ministry of Justice. These governance structures are responsible for ensuring the Dashboard facilitates a shared cross-system understanding of progress and meet regularly to discuss implementing targeted action to address issues.

6.5 Locally, the Dashboard is used by Local Criminal Justice Boards (LCJBs) to monitor trends and compare performance. The previous Lord Chancellor wrote to LCJB Chairs in May 2022 to highlight trends in their area, and the department has maintained engagement at working level to discuss progress.

6.6 The department continues to work with partners to improve the Dashboard and has ambitious plans to iterate and ensure that it can be used by System partners to improve performance.

Forty-Fourth Report of Session 2021-22

Department of Health and Social Care

NHS Backlogs and Waiting Times in England

Introduction from the Committee

Elective care is typically provided to people who require specialist assessment or treatment by a hospital doctor following a GP referral. Common elective treatments include operations such as hip and knee replacements and cataract surgery. The legal standard for elective care exists to ensure timely treatment and states that 92% of people on the waiting list should be seen within 18 weeks. Before the pandemic only 83% were being seen within 18 weeks and this was 64% in December 2021. Of the 6 million patients waiting for elective care, 311,000 have now been waiting for more than a year. NHSE&I intended to publish an elective recovery plan by the end of November 2021 but only did so in February 2022.

Because of the importance of early diagnosis and treatment, there are more performance standards for cancer and more points in the patient pathway where waiting times are measured. One of the most important relates to the proportion of urgent GP referrals for suspected cancer seen within two weeks: the operational standard is 85% but performance in 2019–20 was 77% and this had dropped to 67% in December 2021.

Relevant reports

- NAO report: NHS backlogs and waiting times in England – Session 2021-22 (HC 859)
- PAC report: NHS Backlogs and waiting times Session 2021-22 (HC 747)
- NHS Report: Core20PLUS5
- Treasury Minute response May 2022 (CP 678)
- PAC correspondence dated June 2022

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 678 above), the remaining recommendations are updated below.

1: PAC conclusion: The Department has overseen years of decline in the NHS's cancer and elective care waiting time performance and, even before the pandemic, did not increase capacity sufficiently to meet growing demand

1: PAC recommendation: The Department must strengthen its arrangements for holding NHSE&I to account for its performance against waiting times standards for elective and cancer care. This should include specific expectations for improving waiting time performance in 2022–23. The Department should write to us alongside its Treasury Minute response to set out the specific and measurable performance indicators for elective and cancer care it has put in its 2022–23 mandate to NHSE&I.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department of Health and Social Care has strengthened and continues to strengthen its arrangements in respect to this. The department provided an accompanying letter to the Committee in Spring 2022 with details of the performance indicators for elective and cancer care that the department has put in its 2022-23 mandate to NHS England.

2: PAC conclusion: At our evidence session the Department and NHSE&I appeared unwilling to make measurable commitments about what new funding for elective recovery would achieve in terms of additional NHS capacity and reduced patient waiting times.

2: PAC recommendation: In implementing its elective recovery plan, NHSE&I should set out clearly:

- ***timeframes, costs and outputs of the components of the recovery plan covering elective care and cancer care to 2024–25***
- ***the longer-term investments and plans that are being made now to improve the resilience of elective care and cancer care beyond 2024–25; and,***
- ***the national performance levels expected in each year between now and 2024–25***

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

2.2 In the Elective Recovery Plan, published in February 2022, the government set out the ambition to reduce NHS waits further, including eliminating waits of over 18 months by April 2023, over 15 months by March 2024, and over a year by March 2025 (aside from specific specialties or due to patient choice). For patients needing a diagnostic test, the ambition is that 95% patients receive it within six weeks by March 2025. These trajectories are reviewed annually through the operational planning process.

2.3 The government announced that over 50 new surgical hubs will open across the country to help reduce COVID-19 backlogs and offer hundreds of thousands more patients quicker access to vital procedures. These hubs will deliver almost 2 million extra routine operations to reduce waiting lists over the next 3 years. The hubs will provide at least 100 more operating theatres and over 1000 beds and will be backed by £1.5 billion in government funding. These new hubs will be in addition to the 92 surgical hubs that are already open and operational across England as of September 2022.

3: PAC conclusion: The NHS will be less able to deal with backlogs if it does not address longstanding workforce issues and ensure the existing workforce, including in urgent and emergency care and general practice, is well supported.

3: PAC recommendation: In implementing its recovery plan NHSE&I's should publish its assessment of how the size of the NHS workforce (GPs, hospital doctors and nurses) will change over the next three years, so that there is transparency about the human resources that the NHS has available to deal with backlogs.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

3.2 Ensuring that the NHS has a workforce in the right numbers and with the right skills to deliver service commitments to patients is crucial. The government is already expanding the size of the workforce, aligning workforce planning with service and financial planning and looking at the long-term strategic drivers of workforce demand and supply.

3.3 Following on from expansion over the last decade, growth of the NHS workforce continues to be a priority for this government. 'Our Plan for Patients' published in September 2022, re-commits to creating additional capacity in hospitals by recruiting 50,000 more nurses by 2024. The government is also increasing the number of clinical associates, for example physician and anaesthesia associates, and enhance the availability of mental health support.

3.4 Assessing the size of NHS workforce and developing workforce projections forms a key part of the Long Term Workforce Plan which is being developed as commissioned by the former Secretary of State for Health and Social Care in January 2022.

4: PAC conclusion: It will be very challenging for the NHS to focus sufficiently on the needs of patients when it comes to dealing with backlogs, both patients already on waiting lists and those who have avoided seeking or been unable to obtain healthcare in the pandemic.

4: PAC recommendation: The Department and NHSE&I must ensure there is a strong focus on patient needs in all their recovery planning, including:

- ***measuring the success of all initiatives to encourage patients to return to the NHS for diagnosis and treatment;***
- ***creating guidance and tools, and setting aside resources, for meaningful communication with patients who are waiting; and,***
- ***supporting NHS trusts through planning guidance and other means to prioritise patients fairly, so they are able to strike an appropriate balance between clinical urgency and absolute waiting time.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date Spring 2023

4.2 The government published Our plan for Patients, in September 2022, which commits to prioritising those waiting the longest and review how patients are categorised to better distinguish between patients whose care is delayed for clinical reasons or for reasons of patient choice and those who are ready to be treated. The Clinical Prioritisation Programme has supported the management of waiting lists by publishing frameworks for surgery, diagnostics and endoscopy.

4.3 NHSE wrote to providers on the approach to validation and the expectations for validation of 78 week waits.

4.4 Following the launch of My Planned Care in February 2022, the scope of the site has continued to develop. Patients are now able to access information including average waiting times at their hospital, useful advice on managing their condition, and also signposting to local services to help them prepare for their hospital appointment.

4.5 NHSE continues to deliver a range of national campaigns to encourage those that have potentially serious conditions to access NHS services. This has included campaigns to increase earlier diagnosis of cancer through helping to reduce the barriers to cancer presentations and increase awareness of key cancer symptoms and increase presentations of heart attacks through raising awareness of the symptoms.

4.6 The effectiveness of NHS England national "Help Us Help You" cancer awareness campaigns will be evaluated by The National Cancer Registration and Analysis Service (NCRAS). Referral, conversion and treatment rates are being monitored by the National Cancer Programme. Nationally, as of July 2022, referral rates for all cancers were at 118% of pre-pandemic levels, first treatment rates were at 102%. All case finding initiatives testing new pathways into the system will be subject to independent evaluation.

4.7 The rollout of Rapid Diagnostic Centres (RDCs) across England is designed to speed up diagnosis of cancer and other serious conditions. RDC pathways make sure everyone with suspected cancer gets the right tests at the right time in as few visits as possible. Driving innovation and new diagnostic practice, RDC pathways promote continuous improvement of cancer diagnostics. By 2024 the programme will achieve full population coverage across England for non-specific symptom pathways and be applying the RDC pathway principles to every site-specific symptom pathway.

5. PAC conclusion: Waiting times for elective and cancer treatment are too dependent on where people live and there is no national plan to address this postcode lottery.

5: PAC recommendation: NHSE&I should investigate the causes of variations between its 42 geographic areas and provide additional support for recovery in those that face the biggest challenges. NHSE&I should write to us in December 2022 on the actions it has taken to address geographical disparities in waiting times for cancer and elective care and include a summary of any analysis it has done on differences in health outcomes for elective and cancer care in different parts of the country since the start of the pandemic.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

5.2 In delivering the 104 week wait commitment by July 2022, NHS England (NHSE) successfully identified and worked closely with those NHS Trusts who had the largest backlogs of long-waiting patients.

5.3 During summer 2022, NHSE has built on this success and identified Trusts who have the biggest challenge with regards to elimination of 78 week and 62 day cancer backlogs. Based on this analysis, NHSE is providing oversight and targeted, practical improvement support to enable the key risks to delivery to be proactively managed. NHSE is also adopting a targeted approach to maximising the level of activity delivered over the remainder of 2022-23, including supporting those local systems which are able to support others to do so.

6: PAC conclusion: For the next few years it is likely that waiting time performance for cancer and elective care will remain poor and the waiting list for elective care will continue to grow.

6a: PAC recommendation: The Department and NHSE&I must be realistic and transparent about what the NHS can achieve with the resources it has and the trade-offs that are needed to reduce waiting lists. In implementing its elective recovery plan, NHSE&I should set out clearly what patients can realistically expect in terms of waiting times for elective and cancer treatment.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

6.2 As detailed in the response to recommendation 5 above, the first ambition set out in the Elective Recovery plan has been achieved. However, the government has been clear that the overall NHS waiting list is likely to increase prior to improvements and service recovery.

6.3 Since the launch of the My Planned Care (MPC) platform in February 2022, the scope of the site has continued to develop. Since the second phase in May 2022, MPC successfully provided data on average waiting times for every NHS provider in the country. This hub approach supported inter-regional patient transfers already in place. Patients are able to access information such as the average waiting time for all 136 NHS acute providers across the country. Patients are being encouraged to utilise this website via communication from acute trusts and GP practices, to support those on the waiting list.

6b: PAC recommendation: By the time of the next Spending Review at the latest, the Department and NHSE&I should have a fully costed plan to enable legally binding elective and cancer care performance standards to be met once more.

6.4 The government agrees with the Committee’s recommendation.

Target implementation date: Autumn 2024

6.5 NHSE is continuing to make good progress in meeting the goals set out at the last Spending Review, including the recent achievement of the 104-week waiters target as detailed in recommendation 5 above.

6.6 Acknowledging the ongoing impact of COVID-19 on demand and capacity, and current inflationary pressures, NHSE has conducted extensive analysis of national plans and will use this analysis to inform discussions between government to understand current delivery and prospects for demand, activity, and performance.

Forty-Fifth Report of Session 2021-22

Department for International Trade

Progress with trade negotiations

Introduction from the Committee

Following the UK's exit from the EU, the UK became responsible for its own international trade policy for the first time in almost 50 years and must now build new trade and investment relationships with global partners. This has included negotiating new free trade agreements (FTAs) which aim to make trade easier between two or more countries by removing or reducing existing barriers to trade and negotiating the roll-over of 33 out of 39 existing EU trade agreements with non-EU trading partners ahead of the EU transition period deadline, representing £185.3 billion of UK trade in 2020.1 The Department for International Trade (the Department) has overall responsibility for convening these trade negotiations, while other departments provide expertise, lead aspects of the negotiations in their policy areas and provide diplomatic support overseas. For example, the Department for Environment, Food & Rural Affairs (Defra) leads on aspects of the negotiations covering agri-food, sanitary and phytosanitary and animal welfare. The Department is not responsible for the UK's trade negotiations with the EU which were led by the Cabinet Office until December 2021 when responsibilities transferred to the Foreign, Commonwealth and Development Office (FCDO).

Relevant reports

- NAO report: Progress with trade negotiations – Session 2021-22 (HC 862)
- PAC report: Progress with trade negotiations – Session 2021-22 (HC 993)
- Treasury Minute: Forty-Fifth Report - May 2022 Session 2021-22 (CP 678)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 678) the remaining recommendations are updated below.

1: PAC conclusion: The Department for International Trade faces significant challenges in meeting its target for 80% of UK trade to be covered by FTAs by the end of 2022.

1: PAC recommendation: The Department should write to the Committee within 12 months to update on progress with the programme of trade negotiations, including:

- ***progress against the overall target and an updated plan for the future programme;***
- ***progress in securing state level market access agreements and the potential value of these; and***
- ***impact on the agriculture sector and the UK economy versus forecast from the ending of the US ban on UK beef and lamb imports.***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2023

1.2 The countries with which the government has agreed trade agreements to date accounted for 63% of the UK's bilateral trade in 2021. The Department for International Trade (the department) has put the UK at the centre of a network of modern deals spanning the Americas and Indo-Pacific. So far this year, it has signed the UK-New Zealand Free Trade

Agreement and signed and brought into force the Digital Economy Agreement with Singapore. The department is currently negotiating to join the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and has made significant progress on India negotiations where the majority of chapters in the Free Trade Agreement have been concluded. Additionally, the department is negotiating with Canada, Mexico, the Gulf Cooperation Council (GCC) and Israel. Preparations for a new trade deal with Switzerland have also begun.

1.3 The UK is ready to progress with a UK-US Free Trade Agreement when the US is ready. Since the last update to the Committee, the 5th US-UK SME (Small and Medium Enterprises) Dialogue was held in June 2022 with planning for the 6th being underway. The government has also secured Memoranda of Understanding (MoUs) on trade and economic cooperation with Indiana and North Carolina and is looking to sign arrangements with further states including South Carolina and Oklahoma before the end of the year.

1.4 This is alongside the ending of the bans on UK beef and lamb exports to the US, which is estimated by the Agriculture and Horticulture Development Board to be worth £66 million and £37 million of export opportunities respectively over the first five years of the bans being lifted. On Saturday 8 October, British lamb was exported to the USA for the first time in over twenty years, opening a market of over 300 million consumers to high-quality, British lamb. The department will make use of trade data, as it becomes available, to understand the export trends over time.

1.5 As recommended, the department and will update the Committee on progress with the programme of trade negotiations by March 2023.

2: PAC conclusion: The Department has not set out how it will measure the benefits and outcomes of its programme of trade negotiations.

2b: PAC recommendation: The Department should commit to regular reporting of progress to Parliament, including actual benefits and value achieved versus initial forecasts.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: from April 2023

2.2 The department will regularly report on FTA implementation to Parliament.

2.3 In DIT's impact assessments for the UK-Japan Comprehensive Economic Partnership Agreement (CEPA), and the UK-Australia and UK-New Zealand FTAs, the department committed to publishing a biennial FTA monitoring report, which will provide DIT's analytical evidence base to inform Parliament, the public and other interested stakeholders on progress and actual benefits.

2.4 Publishing a biennial report every two years strikes the right balance between timeliness of reporting and allowing sufficient time to show emerging trends.

2.5 These reports will cover key monitoring indicators where available. These include changes in trade flows and measures of the utilisation of the agreements. Where possible, they will also discuss the extent to which short term changes can be attributed to the FTA itself rather than wider factors.

2.6 The department is also committed to publishing a comprehensive ex-post evaluation report for the UK-Japan CEPA, the UK-Australia FTA and UK-New Zealand FTA within 5 years of these agreements entering into force. These evaluation reports will aim to show how, why and for whom the agreements and their implementation have generated outcomes.

2.7 DIT modelling estimates in the impact assessments are not forecasts. DIT intends to deploy a mixed methods analytical approach that aims to make best use of a range of quantitative and qualitative analytical techniques for ex-post evaluation.

2.8 Recent plans, for the UK-Australia FTA, were welcomed by the independent Regulatory Policy Committee (RPC). The RPC stated that the monitoring and evaluation (M&E) proposal was of good quality and considered it critical to understanding the FTA's true long-term effects.

3: PAC conclusion: The Department is not doing enough to help businesses, particularly SMEs, to take advantage of opportunities offered by new trade agreements.

3: PAC recommendation: The Department should write to the Committee within 12 months to set out how it has supported businesses, particularly SMEs, to take full advantage of existing and newly negotiated trade agreements. It should:

- ***regularly measure and report the preference utilisation rate for UK exports (the rate at which exporters use preferential tariffs) for each of its trade agreements.***
- ***consider how it can reduce burden and costs for SMEs; and***
- ***set out initial progress with its new export strategy.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2023

3.2 The department will write to the Committee within 12 months on this recommendation. DIT is already helping businesses take advantage of trade agreements and market openings and is committed to further improving its offer. The department will write to set out how this is being done.

3.3 Supporting small and medium-sized enterprises (SMEs) remains a key part of the refreshed Export Strategy, including supporting the Department's broader efforts to remove market access barriers. The Export Support Service (ESS) provides cross-government advice and support for exporting to Europe and Central Asia, the Export Academy offers business-led exporting training, and UK Export Finance has expanded its range of lenders, meaning SMEs will be better served in securing new opportunities. The department estimates that of the 11,600 ESS enquiries received by 30 September 2022, 10,700 have been from SMEs. The ESS will expand to cover all markets, offering a global service to businesses across the UK.

3.4 As part of its ongoing work DIT has established a project which will consistently and continually evaluate and improve the department's approach to FTA utilisation. This project informs the department's work in response to this recommendation.

4: PAC conclusion: The farming industry has concerns about the effect of significant competition from imported Australian meat, and there is a lack of clarity on the potential environmental impacts from increased trade with Australia.

4a: PAC recommendation: Defra should work with the Department for International Trade to monitor the impact of free trade agreements in its policy areas.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: from April 2023

4.2 DIT is committed to using monitoring and evaluation (M&E) findings to ensure that the benefits for businesses, workers and consumers are maximised, and that lessons are learnt which inform the design of the department's future trade policies. DIT will do this while working closely with DEFRA and other government departments.

4.3 DIT has committed to publishing a biennial FTA monitoring report, which will provide the department's analytical evidence base to inform and engage Parliament, the public and other interested stakeholders, including in the agriculture sector.

4.4 DIT will also work with DEFRA to support agricultural, and food and drink exports. DIT are working collaboratively with DEFRA to establish and launch the Food and Drink Export Council and have supported DEFRA's recruitment and induction of eight new agri-food attachés in key markets, many of whom have now started their roles and will relocate overseas this winter.

4b: PAC recommendation: Defra should work with the Department for International Trade to monitor imports closely to make an ongoing assessment of the impact of the Australia FTA on beef and sheep farmers, and set out what support could be provided to those farmers whose livelihoods may be affected.

4.5 The government agrees with the Committee's recommendation.

Target implementation date: from April 2023

4.6 DIT will regularly monitor the impact of the Australia FTA across a range of sectors including agriculture.

4.7 DIT's monitoring and evaluation (M&E) activities will focus in greater depth on specific sectors notably, where ex-ante analysis or monitoring suggests that they may have been particularly affected by an agreement.

4.8 DEFRA's Future Farming and Countryside Programme offers a range of support to farmers to help them adapt to the seven-year agricultural transition period, which runs from 2021 to 2027. This includes the Farming Investment Fund, which provides grants to improve productivity and bring environmental benefits, and the Future Farming Resilience Fund, which awards grants to organisations who help farmers and land managers to understand the changes to agricultural policy and access tailored support.

4c: PAC recommendation: Defra should work with the Department for International Trade to monitor the actual transport emissions and other environmental effects resulting from increased trade between the UK and Australia, to determine what action may be needed to ensure that the UK can still meet its climate commitments.

4.9 The government agrees with the Committee's recommendation

Target implementation date: from April 2023

4.10 In line with international obligations, the government will continue to ensure a high level of protection of the environment in new trade agreements. The government shares the public's high regard for the UK's environmental protections and has made clear that it will not compromise on these.

4.11 DIT, working with other government departments including DEFRA, is fully committed to upholding the UK's high environmental standards and ensuring that trade will not come at the expense of the environment or prevent the government from meeting its ambitious net zero by 2050 climate change target. Trade has a role in supporting these environmental commitments and the department is working bilaterally and multilaterally to achieve these aims. The impact assessments for the UK-Japan CEPA, UK-Australia FTA, and the UK-New Zealand FTA set out the environmental impacts of the agreements.

4.12 DIT will work closely with DEFRA and other government departments to monitor the impact of free trade agreements.

4.13 Along with the department's monitoring commitments, DIT has also committed to publishing a comprehensive ex-post evaluation of the UK-Australia agreement within 5 years of its entry into force. DIT will work with other government departments to assess the impact and effectiveness of the agreement and its implementation. This will cover a range of impacts, including the environment.

Forty-Sixth Report of Session 2021-22

Cabinet Office, the Department of Health and Social Care, and HM Treasury

Government preparedness for the COVID-19 pandemic: lessons for government on risk

Introduction from the Committee

The scale and nature of the COVID-19 pandemic and the government's response are without precedent in recent history. Many people have died and many lives, families and businesses have been adversely affected. The pandemic has tested the government's plans to deal with unforeseen events and shocks and demonstrated the risks to which UK citizens are exposed. The government will need to learn lessons from its preparations for, and handling of, these risks to improve the identification, assessment and response to future risks that affect the whole system.

Relevant reports

- NAO report: The Government's preparedness for the COVID-19 pandemic: lessons for government on risk management – Session 2021-22 (HC 735)
- PAC report: Government preparedness for the COVID-19 pandemic: lessons for government on risk – Session 2021-22 (HC 952)
- Treasury Minute: May 2022 – Session 2021-22 (CP 678)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 678) the remaining recommendations are updated below.

2: PAC conclusion: The pandemic has demonstrated variability in departments' risk management.

2: PAC recommendation: The Cabinet Office and HM Treasury should set out what they intend to do to ensure that there is sufficient uniformity in departments' high-level interpretation of and alignment to the principles of the Orange Book. As part of this, the Cabinet Office should set out how it will ensure that departments have a shared understanding of the government's tolerance for the impacts of major risks, including what levels of impact are acceptable and what levels of impact require mitigation.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The government continues to deliver planned risk management improvement actions:

- Professionalism of risk specialists - developed and launched an accreditation for Risk Professionals in government.
- Working across boundaries – developed cross-departmental working sessions to enhance CSB reporting, a risk management knowledge exchange, a monthly risk community newsletter and "lunch and learn sessions".
- Risk management capability – Orange Book principles and internal control initiatives are being aligned and focused on understanding and improving capability

2.3 The 2022 National Security Risk Assessment (NSRA) was completed this Autumn and was shared with departments, Local Resilience Forums and Devolved Administrations to ensure a shared understanding of risk assessment. The Cabinet Office is now transitioning the NSRA from a static assessment into a more continuous assessment. This approach will be more responsive to emerging, evolving and uncertain risks whilst maintaining a comprehensive view of the risk landscape to support practitioners across the UK.

2.4 Responsibility for the management of resilience risks, including ministerial ownership of and input into risk tolerances, will continue to be the responsibility of departments under the Lead Government Department principle.

3: PAC conclusion: There would be significant benefits in improving the public's awareness of the main risks facing the country and what government is doing about them.

3: PAC recommendation: The Cabinet Office should set out how it plans to increase public awareness of the main risks facing the UK. It should also report annually to Parliament:

- ***on what actions government has undertaken during the year to mitigate the risks covered by the catastrophic emergencies programme and provide an assessment of government's preparedness for each risk;***
- ***what changes Government in making as a result of its consultations on National resilience; and***
- ***what lessons Government had learnt about how to effectively communicate during the pandemic.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

3.2 The National Risk Register (NRR) provides a public overview of the key risks that have the potential to cause significant disruption in the United Kingdom, and is based on the classified NSRA. The UK Government Resilience Framework due to be published soon, will build on this and set out the government's plans to better communicate risk to the public.

3.3 The government has learnt lessons from its response to COVID-19 and continues to actively apply these to the ongoing response. Relevant lessons were set out in the Treasury Minute published in May 2022 above.

6: PAC conclusion: Government's slow progress in improving data quality and completeness has hampered its preparedness for this and future pandemics.

6: PAC recommendation: The Cabinet Office should set out its assessment of the areas in which the data collected by the National Situation Centre are in greatest need of improvement and what it plans to do to implement those improvements. As part of this response, government should set out how it plans to retain access to the social care data required to respond to future pandemics.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The National Situation Centre (SitCen), which became operational in September 2021, brings together data, analysis and expertise from across government and beyond. SitCen is working with risk owners in lead government departments to acquire data covering the risks in the 2022 National Security Risk Assessment, and their associated impacts. SitCen has a standing responsibility to ensure that its data holdings are adjusted to reflect any changes in the NSRA. The responsibility for the detailed data sets, which are used by lead government departments to manage the risks they lead on, lies with them.

6.3 SitCen has established relationships with data, analytical and topic experts in DHSC, UKHSA and Office for National Statistics to provide insight across a range of health and social care risks and impacts, including those from pandemics. Access to the social care data which was collected to monitor COVID-19 will continue for as long as the data is collected.

6.4 A visit can be arranged in the New Year to demonstrate how it acquires data and maps it against the NSRA, and its plans for developing its data holdings, if the Committee would welcome this.

Forty-Seventh Report of Session 2021-22

Department for Education

Academies Sector Annual Report and Accounts 2019/20

Introduction from the Committee

The Academy Sector Annual Report and Accounts (SARA) presents the consolidated financial results of academy trusts, of which there were 2,743 open at 31 August 2020. Academy trusts may be formed of one or more academy school. Academy trusts are charitable bodies and have more freedoms and responsibilities than local authority maintained schools. For example, they are responsible for setting staff pay and conditions, determining their own curriculum, and are directly responsible for their financial and educational performance. Academy trusts are required to produce a set of accounts annually that are subject to external audit. Academy trusts are directly funded, and accountable to, the Department for Education via the Education and Skills Funding Agency. The sector reported £31.3 billion of income during 2019/20, including £26.8 billion of grants from the Department.

The Department aims for all schools to be part of a family of academy trusts. The academies sector continues to expand, with 9,200 academy schools open during the year to 31 July 2020, compared with 8,728 in the previous year. More of these schools are joining other academies to form multi-academy trusts. The average number of academies in a multi-academy trust was six during 2019/20. The biggest multi-academy, the United Learning Trust, now stands at 76 schools. The COVID-19 pandemic has slowed growth in the sector, which is taking longer for maintained schools to convert to academies.

The 2019/20 SARA is the fifth set of sector accounts. The Comptroller and Auditor General has qualified their opinion of previous accounts due to uncertainty over the valuation of land and buildings within the academy estate. The Department has since introduced its own programme of revaluations using qualified surveyors, which has addressed these historic issues and ensured the accuracy of the £56.3 billion value of land and buildings held within the academy estate.

Relevant reports

- DfE report: Academy schools sector in England: consolidated annual report and accounts, 2019/20 which includes the Parliamentary Accountability and NAO Audit Report – Session 2021-22 (HC 851)
- PAC report: Academies Sector Annual Report and Accounts 2019/20 – Session 2021-22 (HC 994)
- Treasury Minutes: May 2022 (CP 678)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 678) the remaining recommendations are updated below.

1: PAC conclusion: The Department for Education has not yet set out how it will deliver its ambition to establish a fully academised school sector that best supports pupils.

1: PAC recommendation: When the Department publishes its Schools White Paper it should be clear about its plan for full academisation. The plan should clearly set out the Department's overall timetable, milestones and measures of success for academisation, and how the Department will:

- ***Ensure academisation achieves the intended outcomes for all pupils across all regions;***
- ***Have a plan to support schools that may be less attractive to sponsors; and***
- ***Ensure clear and effective due diligence prior to a maintained school converting to an academy, that takes into account geographic variations and access to learning provision.***

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Education (the department) published the Schools White Paper, Opportunity for all, on 28 March 2022. The fourth chapter sets out a clear timeframe to achieve a fully trust-led system, with all schools to be in or joining a strong multi-academy trust (MAT) by 2030.

1.3 In May 2022 the department published a further document on Implementing school system reform in 2022/23, which included specific guidance for maintained schools, single academy trusts, multi academy trusts, local authorities and dioceses considering their strategic plans in response to the White Paper.

1.4 The department is working with Falcon Education Academies Trust and St Joseph's Catholic MAT to pilot a new approach for schools that, for various reasons, cannot be placed with a strong MAT sponsor. The White Paper sets out policies to remove barriers that are preventing schools from benefiting from the support of a strong trust, including that local authorities will for the first time be able to establish new strong trusts. Regional Directors will engage local partners to determine the best way to develop a strong trust landscape that suits their area – investing up to £86 million over the next three areas in building trust capacity, focused particularly in Education Investment Areas.

1.5 The department remains committed to a clear timeframe to achieve a fully trust-led system. This includes action to drive improvement in the weakest schools – including work from September 2022 to move schools with two or more 'requires improvement' judgments, or worse, into strong trusts. The Regulation and Commissioning Review will set out proposals to strengthen incentives for all trusts to be strong, including the potential for trust inspection.

4: PAC conclusion: We continue to be concerned about the Department's understanding of asbestos within the school estate.

4: PAC recommendation: The Department should urgently chase the remaining 7% of schools who are yet to respond to the asbestos management survey. The Department should write to the Committee within six months setting out its full understanding of asbestos across the estate, detailing the asbestos risk arising from the non-responders, along with its plans to manage the asbestos risk in schools.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department provided an update to the Committee on 29 September 2022.

4.3 The department's letter sets out the government's position regarding asbestos management across the school estate, its present understanding of asbestos and the risk posed. The department employs available data collected nationally though the Asbestos

Management Assurance Process (AMAP) and Condition Data Collection 2 (CDC2) which includes the risk posed by the non-responders to the AMAP.

4.4 The department continues to work with schools, the Health and Safety Executive (HSE) and sector representatives to raise awareness of the risks of asbestos if not managed effectively. The department also, in collaboration with its regional teams and HSE, continues to follow up with AMAP non-responders and any concerning practice reported through CDC2. CDC2 is expected to finish in 2026 when a final set of asbestos data and conclusions will be available.

6: PAC conclusion: We are concerned that the Department's approach to monitoring the skills and experience of academy leaders, and the lack of remedial action for leaders of failing academies, risks further failures across the sector.

6: PAC recommendation: The Department should write to the Committee within six months detailing how it will better identify and address cases of failed leadership within academies. This should include how it will ensure the necessary lessons are learned to avoid similar incidents from occurring in future elsewhere in the sector.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department wrote to the Committee in early December 2022 setting out how the department addresses cases of failed leadership and its plans to strengthen the academies regulatory framework. The letter also addressed how the department is working to build on good practice and further improve the financial capability of Trustees and boards. It noted further that the number of cases of financial irregularities identified by auditors during the pandemic were consistent with pre-pandemic results and that the Education and Skills Funding Agency has a clear policy and process for managing such cases.

Forty-Eighth Report of Session 2021-22

HM Revenue and Customs

HMRC's management of tax debt

Introduction from the Committee

HMRC collects tax on behalf of the government, including chasing payments from taxpayers who do not pay their tax on time. On 20 March 2020, the Chancellor announced that, to help support self-employed people and businesses, payments of Self Assessment Income Tax due on 31 July 2020 and VAT payments due between 20 March and 30 June 2020 would be deferred until 31 January 2021 and 31 March 2021, respectively. As the economy went into lockdown, HMRC also paused most of its debt collection activity, sending fewer letters and ceasing field collection and enforcement activity almost entirely.

The wider economic impact of the pandemic, and HMRC's decision to suspend most debt collection, has led to large increases in the amount of tax owed to HMRC. Tax debt increased from around £16 billion in January 2020 to a peak of £67 billion in August 2020, including deferred payments. This was far in excess of levels seen in the previous 10 years, although tax debt has reduced since then (to £39 billion as at 30 November 2021). Before the COVID-19 pandemic, HMRC managed around 3.8 million taxpayers in debt. But the pandemic, and associated restrictions, saw the number of tax customers in debt increase to around 6.2 million in September 2021.

Relevant reports

- NAO report: Managing tax debt through the pandemic - Session 2021-22 (HC799)
- PAC report: HMRC's Management of tax debt - Session 2021-22 (HC 953)
- Treasury Minutes (May 2022)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 678) the remaining recommendations are updated below.

1: PAC conclusion: We are not satisfied that HMRC has a clear plan to tackle the mountain of tax debt which has built up during the pandemic.

1: PAC recommendation: Within the next six months, HMRC should develop, and share with the Committee, a plan to manage the increased levels of debt back down to pre-pandemic levels within a specific timeframe. The plan should include:

- ***Long-term forecasts for tax debt, including the target levels it will achieve at the end of each financial year with its planned resources.***
- ***Far more transparency about the level of write-offs and remissions HMRC is providing for. In particular, in what financial year the tax debts written off and remitted in each of the past five years were incurred, and HMRC's targeted levels of write-offs and remissions over the next five years.***
- ***Contingency arrangements, detailing how HMRC will manage debt levels, and write-offs and remissions, under a range of scenarios, including if further variants of COVID-19 emerge.***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: January 2023
Original target implementation date: September 2022

1.2 HM Revenue and Customs (HMRC) wrote to the Committee in September 2022 to advise that unfortunately the implementation date would need to be pushed back due to the change in government. HMRC will provide a plan to manage the current elevated debt balance in January 2023.

1.3 HMRC also wrote to the Committee at the end of November with an update on long-term forecasts for tax debt and write-offs and remissions.

3: PAC conclusion: Rogue companies are exploiting the pandemic to profit at the expense of taxpayers.

3b: PAC recommendation: HMRC should be prepared to bring the full force of the law to bear on those who defraud the Exchequer, and report publicly and regularly to Parliament on the numbers prosecuted.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2023

3.2 HMRC will include its approach to Phoenixism as part of its plan to manage the current elevated debt balance. HMRC will provide this plan in January 2023, and report on its performance in implementing its approach to tackling Phoenixism in its Annual Report and Accounts [2022 to 2023].

4: PAC conclusion: HMRC is far behind where it needs to be in making good use of data to manage debt effectively.

4: PAC recommendation: HMRC should write to the Committee within six months, to provide an update on:

- ***How much it has spent on the single customer record so far, how much it expects to spend to complete this work, and when it expects to complete this work.***
- ***The scope of its work with the rest of government to share data and take a more customer orientated approach, and the timeframe over which it expects to complete this work.***
- ***The results of its pilot test using private sector data and plans for further use.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2022

4.2 Alongside its response to recommendation 5 below, HMRC will write to the Committee to set out how it is working with other parts of government to share data and the results of its credit reference agency data trial.

4.3 HMRC also wrote to the committee at the end of November 2022 to provide an update on how much has been spent on the single customer record so far, how much HMRC expects to spend to complete this work, and when the work is expected to be completed.

5: PAC conclusion: HMRC is not using all relevant data sources to understand how the pandemic is affecting taxpayer's ability to repay.

5: PAC recommendation: HMRC should identify and obtain the data sources which are most relevant to understand the ongoing impact of the pandemic on businesses. As a minimum we would expect HMRC to make use of sectoral data.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2022

5.2 Alongside its response to recommendation 4 above, HMRC will write to the Committee in late December 2022 setting out what data it is using, or planning to use, to assess ability to pay, and why.

6: PAC conclusion: We are concerned that HMRC is not doing enough to identify vulnerable people who need extra support with their debts.

6: PAC recommendation: HMRC should ensure regular and adequate training is in place for staff and it should carry out research to independently estimate how many vulnerable people are affected by tax debt and how effectively it is identifying those customers and write to us with its findings.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 HMRC wrote to the Committee at the end of November, explaining why the independent research available was of limited use in determining how many people could potentially be eligible for extra support or how they may be better identified. This also included more detail on HMRC's training and guidance for staff to help them identify, support and refer vulnerable people in debt.

Forty-Ninth Report of Session 2021-22

Department for Levelling Up, Housing and Communities

Regulation of Private Renting

Introduction from the Committee

The Department for Levelling Up, Housing and Communities (the Department) aims to ensure the rented sector is fair for tenants, by legislating and creating policies used to regulate the sector. Local authorities are responsible for regulating their local rental markets and ensuring landlords comply with legal obligations. They choose how to regulate based on local priorities and can draw on a range of investigation and enforcement tools available.

An estimated 11 million people rent privately in England, and the sector has doubled in size in the last 20 years. Renters face several challenges including increasing rents, a rising number of low-earners and families renting long-term, and the prevalence of "no-fault" evictions leaving households at risk of homelessness. Poor quality housing also poses serious risks to health and safety, and the conduct of landlords can impact tenants' wellbeing.

Relevant reports

- NAO report: Regulation of Private Renting – Session 2021-22 (HC 863)
- PAC report: Regulation of Private Renting – Session 2021-22 (HC 996)
- Treasury Minute: July 2022 (CP 722)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 722) the remaining recommendations are updated below.

1: PAC conclusion: It is too difficult for renters to realise their legal right to a safe and secure home.

1: PAC recommendation: Alongside its Treasury Minute response the Department should write to the Committee to set out how it will use its planned reform programme to:

- ***Better support renters to understand what their rights are; and***
- ***Improve renters' ability to exercise their rights by learning from complaints and redress mechanisms used in other consumer markets.***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2026

1.2 The measures outlined in the government's White Paper 'A Fairer Private Rented Sector' offer a balanced package of reform to support landlords and tenants. The government will bring it forward in this Parliament.

1.3 The government is committed to learning from other consumer markets to improve renters' ability to access redress and to resolve complaints. It is committed to abolishing section 21 (Housing Act 1988) so called 'no fault' evictions, empowering tenants to challenge poor practice without the risk of retaliatory eviction and supporting tenants to put down roots in their communities.

1.4 The White Paper also sets out proposals to introduce a new property portal helping landlords to understand their obligations and giving tenants the information they need to make informed choices. The government expects early private Beta testing of the new property portal to commence in Summer 2023.

1.5 The White Paper proposes a new single ombudsman that all private landlords will be required to join. This will give private tenants access to free redress services, bringing parity in access to redress between the private and social rented sector, and ensuring landlords are compelled to put things right for tenants where they fail to address legitimate issues. The department will also learn from the recent mediation pilot and explore how it can improve alternative dispute resolution and mediation offerings within the sector.

1.6 The government is committed to supporting renters to understand their rights in the current and reformed system. The Department of Levelling up, Housing and Communities (DLUHC) currently produces and is updating a series of housing 'how to' guides that summarise the rights and responsibilities of both tenants and landlords. The department is committed to using a range of strategies and channels, including working with other partners, for example, the Department for Work and Pensions and Citizens Advice, to make sure messages reach the right groups, including digitally excluded and marginalised groups.

3: PAC conclusion: The Department is not doing enough to support local authorities to regulate effectively.

3: PAC recommendation: The Department should take a more proactive approach to supporting local regulators and sharing good practice. To do so, it should learn from other consumer protection systems that provide central intelligence and support to local regulators.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

3.2 The department recognises the value in sharing good practice across local councils and has supported the development of their approaches to driving up standards (e.g. through roadshows). The department has reinvigorated its engagement programme with local councils, including by setting up a Local Authority Sounding Board which meets quarterly to discuss relevant issues and is attended by officers from a wide range of councils. The department will continue to expand its reach across England to design and implement its reforms.

3.3 The government will support local councils to crack down on poor practices, enforce this new standard, and explore different ways of working with landlords to speed up adoption of the Decent Homes Standard.

3.4 The government will:

- run pilot schemes trialling improvements to enforcement of existing standards
- strengthen LAs' ability to tackle criminal landlords including seeking to increase investigative powers.
- Explore how national oversight of LAs' enforcement can be bolstered by requiring them to report on their enforcement activity.
- seek to introduce a national framework for setting fines to drive a more consistent approach, building on best practice of local authorities.
- continue to fund the National Trading Standards Estates and Lettings Agency Team to deliver guidance and training to LAs' enforcement teams and their roll-out of the Intelligence Database project, enabling effective collaboration and intelligence sharing.

3.5 The Private Rented Property Portal will provide access to information about privately rented properties, helping LAs deliver more targeted enforcement.

3.6 The government will work with LAs to share selective licensing schemes best practice.

3.7 The department has engaged with other government departments during the development of the reform package set out in 'A Fairer Private Rented Sector' and will continue to use learning from other consumer protection systems while implementing these reforms.

5: PAC conclusion: The Department lacks good enough data to understand the nature and extent of problems renters face.

5: PAC recommendation: The Department should develop a coherent data strategy to identify and collect the data it needs to:

- ***understand the problems renters are facing; and***
- ***evaluate the impact of legislative changes.***

Once complete, this strategy should be shared with this Committee and the Levelling up, Housing and Communities Committee.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

5.2 The department recognises the importance of robust and reliable data to inform policy decisions and support our reforms of the Private Rented Sector (PRS). It continues to explore improvements to its existing data and further opportunities to enhance understanding.

5.3 The department seeks to make the best use of English Housing Survey (EHS) and English Private Landlord Survey (EPLS) data, providing valuable detailed insight into the renting lives of tenants and landlords. The department has additionally commissioned a longitudinal survey which will track the experiences of tenants living in the PRS over the course of a year.

5.4 The department recognises the value of working closely with stakeholders and continues to provide opportunities for current and relevant data to be shared between organisations. The department recently established a Local Authority Sounding Board to bring together local authorities and supporting bodies to discuss policy reforms and strategies related to the Private Rented Sector. Additionally, the department is developing place-based PRS pathfinder projects to bolster local council enforcement, to facilitate the sharing of best practice and gain a better understanding of effective and efficient enforcement measures. Both measures are gateways to gather intelligence on local authority performance and enforcement, and an opportunity to glean relevant data to inform policy development on PRS.

5.5 As part of reforms to the PRS, the department continues to consider additional data needs for the development of evidence-based policy and monitoring and evaluation purposes. Additional research or analysis is conducted as required to support this, alongside core data and regular engagement with other government departments, local councils, and stakeholders.

6: PAC conclusion: The Department's forthcoming White Paper offers an opportunity for significant improvement to the private rented sector.

6: PAC recommendation: As part of its planned reforms, the Department should ensure it has a full understanding of the cumulative impact of proposed changes on tenants, landlords and the housing market as a whole. In doing this, it should work closely with other departments, including formally where appropriate, to understand how the reforms may affect or be affected by other policy areas such as benefits and tax.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

6.2 The government recognises the importance of developing a coherent approach to PRS reforms. The role of PRS has changed in recent decades, as the sector has doubled in size landlords and tenants become increasingly diverse. Today, the sector needs to serve young renters looking for flexibility and people who need to move quickly to progress their careers, while providing stability and security for young families and older renters. It must also work for a wide range of landlords, from those with a single property through to large businesses.

6.3 The White Paper sets out proposals for reform to increase the quality and security of tenants in the PRS. In developing the White paper, the department engaged with other government departments including at ministerial, senior official and working level.

6.4 The department will build on these collaborative relationships to understand links between policies in their implementation, monitoring impacts and responding collectively where required.

6.5 The department will complete an impact assessment to set out the impact of the proposed reforms on tenants and landlords and will carry out a new burdens assessment in relation to the impact on local government.

6.6 As outlined in the White Paper, the government is also developing its approach to data to ensure that it can monitor the impact of reforms on tenants and landlords. The department will continue to work extensively with local councils to build a better understanding of enforcement challenges, provide improved guidance and help share best practice. The department will also explore how it can bolster national oversight of local council enforcement by requiring them to report on housing enforcement activity.

Fiftieth Report of Session 2021-22

Department for Business, Energy & Industrial Strategy

Bounce Back Loans Scheme: Follow-up

Introduction from the Committee

The Department for Business, Energy and Industrial Strategy (the Department) launched the Bounce Back Loan scheme (the Scheme) in May 2020. It is the largest of three Covid-19 related business loan support schemes. The Scheme targeted the smallest businesses and sought to provide them with loans of up to £50,000, or a maximum of 25% of annual turnover, to maintain their financial health during the pandemic. The loans have a fixed interest rate of 2.5% and a maximum length of either six or ten years. In the first year of the loan there are no capital repayments due, and Government pays the interest—making it interest-free for the borrower. The Scheme closed for new applicants in March 2021 and in total it has provided 1.5 million loans worth £47 billion to businesses across the UK. We examined the Scheme in December 2020 and warned that the Department's focus on the speed of delivery had exposed the taxpayer to potentially huge losses. In addition, we concluded that Government lacked data to assess the levels of fraud. The Department estimated in its Annual Report and Accounts 2020–21 that it would lose £17 billion as a result of the Scheme, of which £4.9 billion was because of fraud.

The Scheme aimed, in most cases, to deliver money to borrowers within 24 to 48 hours of applying. To make the process as fast as possible, the Scheme did not require lenders to check the information on the loan application form or to perform credit and affordability checks. Borrowers are expected to repay the loans in full and lenders are required to conduct basic counter fraud tests. But owing to the absence of credit checks, Government provides lenders a 100% guarantee on the loans. In practice, this means that if the borrower does not repay the loan, Government will.

The British Business Bank (the Bank) manages the Scheme on the Department's behalf and the loans are delivered through 24 commercial lenders such as banks and building societies. The commercial lenders are also responsible for administering loan repayments and pursuing borrowers for missed repayments for up to 12 months after the issue of a formal demand. There is no minimum on the amount of time lenders need to pursue borrowers before claiming on the guarantee and lenders can claim on the guarantee before they complete pursuing borrowers for the full 12 months. Because loans did not begin repayment until May 2021, and borrowers can seek a further six-month repayment holiday, there is limited repayment data to analyse.

Relevant reports

- NAO report: The Bounce Back Loan Scheme: an update – Session 2021-22 (HC 961)
- PAC report: Bounce Back Loans: Follow-up – Session 2021-22 (HC 951)
- Treasury Minute - July 2022 Session 2021-22 (CP 722)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 722) the remaining recommendations are updated below.

1: PAC conclusion: The Department and The Bank delivered the Scheme at breakneck speed, but the long-term impact of the Scheme is uncertain.

1a: PAC recommendation: The Department should put in place a clear strategy to manage the long-term legacy of the Scheme within a month of the publication of its evaluation report.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 Further to the government's last update, the Department for Business, Energy and Industrial Strategy (the department) has consolidated and formalised its counter fraud strategy, and activity continues to manage the scheme, in conjunction with stakeholders across government.

1.3 The strategy details its long-term plan and sets a collaborative and cross-organisation approach to tackling fraud in the Bounce Back Loan Scheme by taking principled, fair, appropriate, and effective action to protect taxpayers' money, through 5 objectives:

- Deterring and disrupting crime, including by prosecuting those committing fraud and financial crime.
- Minimising loss and maximising recoveries related to fraud and taking a fair and appropriate approach to ensure borrowers fulfil financial covenants.
- Mitigating risks and harms related to financial crime.
- Identifying, measuring, and monitoring fraud and financial crime risks and ensuring timely, transparent information sharing across stakeholders.
- Learning and applying lessons to support and deliver continuous improvement.

1.4 The strategy will continue to be reviewed and iterated via existing governance mechanisms. Additionally, work on the second year of evaluation of the schemes is ongoing and scheduled to be completed by Spring 2023.

1b: PAC recommendation: The Bank should also write to us with details of its plans to measure the Scheme's long-term impact, including identifying a reliable control group, within a month of the publication of Department's strategy.

1.5 The government agrees with the Committee's recommendation.

Recommendation implemented

1.6 As was noted in the July 2022 update to the Committee, the department and the British Business Bank have commissioned London Economics and Ipsos to undertake a multi-year evaluation of the COVID-19 loan guarantee schemes, including the Bounce Back Loan Scheme. The first report has been published. There will also be a process, impact, and economic evaluation.

1.7 To identify a reliable control group, the evaluation will use statistical methods to select a sample of businesses that did not access the schemes with similar pre-pandemic characteristics. The findings on the impact of the COVID-19 loan guarantee schemes will be validated using multiple data sources to ensure they are robust.

2: PAC conclusion: The potential Scheme losses are eye-watering, and we are not convinced the Department has the data it needs to manage the risks to the taxpayer.

2a: PAC recommendation: The Department should, within the next 3 months, develop a strategy setting out the increase needed in Scheme counter-fraud resources for all relevant government stakeholders to both reduce fraud levels to a tolerable level and to maximise recoveries.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The department has consolidated and formalised its counter fraud strategy, including how additional funding received in the Spring Statement 2022 is being used for counter fraud efforts. The strategy will continue to be reviewed via ongoing governance mechanisms.

3: PAC conclusion: The Department has been complacent in preventing Scheme fraud and its prioritisation of 'top tier' fraudsters puts other government Schemes at risk.

3b: PAC recommendation: The Department should urgently outline how it will change its plans to adopt a more robust approach to reducing all types of fraud, and should commit to including anti-fraud measures from the outset so that it acts as a deterrent effect for other schemes.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department has consolidated and formalised its counter fraud strategy, which sets out the proposed approach to all types of fraud across the scheme. The department's triage system is currently in test and trial phase, and proposals to scale it will be developed in due course subject to results and outcomes. Additionally, any new schemes being developed are undergoing robust Fraud Risk Assessments.

5: PAC conclusion: It is unacceptable that the Department has no plans to recover outstanding debt after lenders have pursued borrowers for up to 12 months.

5a: PAC recommendation: The Department should, as part of its Treasury Minute response, set out its strategy for collecting overdue payments after the lenders have completed their 12-month requirements.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2022

5.2 The department and its partners have pilots underway to support enhanced recovery activity by lenders: one is testing the effectiveness of lenders using compulsory liquidation; another pilot (in design stage) will test lender use of third parties in applying suitable civil recovery processes once lenders have exhausted their internal recovery strategies. The department is also working with HM Treasury and the British Business Bank to develop a cost model which allows lenders to net off costs incurred in the recovery process from the funds recovered, particularly when using recovery methods that they would not otherwise use as part of their usual processes. These approaches are captured as part of the Bounce Back Loan Scheme counter-fraud strategy.

5b: PAC recommendation: In addition, the Department should write to the Committee and provide further information on what the shortest time period has been for a lender to claim on their guarantee to date and how this compares to the average.

5.3 The government agrees with the Committee's recommendation.

Recommendation implemented

5.4 The British Business Bank wrote to the Committee on 28 September providing the information the Committee requested in the recommendation above.

6: PAC conclusion: The Scheme has distorted the Small and Medium Enterprise (SME) lending market in favour of the largest UK banks, which goes against the Bank's objective of creating a diverse finance market for SMEs.

6a: PAC recommendation: The Bank should develop a strategy to mitigate the negative impact of the Scheme on the SME lending market and publish its findings in its next Small Business Finance Market report.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

6.2 The British Business Bank's most recent Small Business Finance Market Report provided an update on diversity of supply within the SME lending market. It noted that the provision of alternative finance recovered somewhat in 2021-22.

6.3 The next edition of this report will be published next year and will further explore the impact the Bank is having in this area.

7: PAC conclusion: The Department has not yet identified how it will share the lessons from the Scheme.

7a: PAC recommendation: The Department and The Bank should establish a strategy on how it intends to share lessons from the scheme within a month of the publication of their first evaluation report.

7.1 The government agrees with the Committee's recommendation.

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

7.2 The Department for Business, Energy & Industrial Strategy, HM Treasury and the British Business Bank have collectively produced a report setting out the lessons that have been learnt in the delivery of the COVID-19 loan schemes. The report is being finalised and it will be presented to the Committee in the coming weeks. The Committee has been notified separately about the delay to the department's original target implementation date.

Fifty-First Report of Session 2021-22

The Ministry of Justice

Improving outcomes for women in the criminal justice system

Introduction from the Committee

The Ministry published its Female Offender Strategy in 2018 after many years of concern about the experience of women in the Criminal Justice System (CJS). Women in the CJS have a higher incidence of prior domestic abuse and mental health issues compared to men; their offences are generally less serious and present lower risk of serious harm to the public; they are more likely to be in custody for shorter periods (including the use of remand) with poor rehabilitation outcomes; and a self-harm rate nearly five times as high in women's prisons as in men's. The impact of women's imprisonment is greater on children as women are more likely to be their main carers. The strategy's aims are to reduce the number of women entering the CJS by intervening earlier with support in the community; have fewer women in custody (especially serving short sentences) and a greater proportion of women managed in the community; and have better conditions for women in custody, including improving and maintaining family ties, reducing self-harm and providing better support on release. The Ministry set up its female offender programme (the programme) to oversee delivery of the commitments in the strategy. While the Ministry leads the programme, several other organisations across government also have a key role in implementing it.

Relevant reports

- NAO report: Improving outcomes for women in the criminal justice system – Session 2021-22 (HC 1012)
- PAC report: Improving outcomes for women in the criminal justice system – Session 2021-22 (HC 997)
- Treasury Minute: July 2022 – Session 2021-22 (CP 722)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 722 above), the remaining recommendations are updated below.

1: PAC conclusion: The 2018 Female Offender Strategy was widely welcomed but progress since then has been limited and it is unclear how much of the additional money allocated to the Ministry will be spent on services for women.

1: PAC recommendation: The Ministry should publish how much of its resource and capital spending it has allocated to work on improving outcomes for women as soon as it has completed its budget allocations for 2022–23. It should include details of funding for this work for future years where available, and how it will filter down to funding community services.

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: January 2023
Original target implementation date: Summer 2022

1.2 The Ministry of Justice (the department) will publish a Female Offender Strategy Delivery Plan for 2022-25 and an accompanying impact assessment by the end of January 2023. The Delivery Plan will set out the department's priorities for delivery of the aims of the

Female Offender Strategy and the impact assessment will set out an assessment of the costs and benefits.

1.3 This publication was delayed from summer 2022 as a result of the leadership contest, changes to the MoJ Ministerial Team and the Autumn Statement on 17 November.

1.4 In September 2022 the department launched three grant competitions offering up to £24 million over three years to provide community support for women in, or at risk of, contact with the justice system. This funding will help to pay the administrative and overhead costs of women's community services, support these organisations to increase the range and reach of their services and interventions, and enable local partners to improve the local integration of women's services.

3: PAC conclusion: Effective implementation of the strategy has been undermined by insufficient joined-up working.

3: PAC recommendation: The Ministry should set out how it plans to influence more joined-up working. It should write to the Committee alongside its Treasury Minute response with an assessment of any barriers to local areas implementing 'whole system approaches' and how it plans to work with other government departments and organisations to address these barriers.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 An inter-ministerial board, a delivery board of senior officials from across government and an Expert Group have all been established.

3.3 The department wrote to the Committee on 7 July 2022 alongside the Treasury Minute with further details, as requested.

4: PAC conclusion: The Ministry is taking some steps to address the needs of ethnic minorities in the CJS, but it recognises that it has not yet done enough to achieve equality of outcomes for ethnic minority women.

4: PAC recommendation: The Ministry should work with specialist providers and experts to establish a set of actions it needs to take to deliver equality of outcomes for ethnic minority women. This should include its arrangements for supporting smaller specialist organisations that support them. It should publish the set of actions with a timetable so that Parliament, stakeholders and others can hold it to account. It should confirm in its response to this report a planned timescale for publishing this action plan.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: January 2023
Original target implementation date: Summer 2022

4.2 The planned Female Offender Strategy Delivery Plan will set out the department's commitments for ethnic minority women, with key milestones, reflecting the work of the Female Offender Minority Ethnic working group, which brings together officials and stakeholders with specialist expertise.

4.3 This publication was delayed from summer 2022 as a result of the leadership contest, changes to the MoJ Ministerial Team and the Autumn Statement on 17 November.

4.4 The Probation Service has launched a grant scheme for support for people with shared protected characteristics or shared experiences, along with general support to encourage desistance and rehabilitation. Grants will be funded through the Probation Service's Regional Outcomes and Innovation Fund. The first round of grants for people from ethnic minority groups opened in September 2022.

4.5 In September 2022, the department commenced work with Clinks to support ethnic minority specialist organisations to improve their capacity to share best practice and form networks through facilitated events and more structured communication of policy developments.

5: PAC conclusion: It is not clear how Parliament, the public and other stakeholders can hold the Ministry to account for delivery of the strategy's commitments.

5: PAC recommendation: The Ministry must clarify what it aims to deliver via the strategy and its progress to date. It should:

- ***publish forthwith the 66 commitments in the strategy that it has assessed the progress of using Red/Amber/Green ratings, with the details of the progress that underpins the ratings;***
- ***write to the Committee alongside its Treasury Minute response setting out what it will achieve and by when in implementing the strategy over the next 3 years so it can be held to account; and***
- ***write to us by the end of July 2022 setting out the new governance arrangements including how it will improve transparency for specialist providers, experts and other external stakeholders.***

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: January 2023
Original target implementation date: Summer 2022

5.2 Alongside the Female Offender Strategy Delivery Plan, the department will publish a list of the commitments in the Female Offender Strategy with an assessment of whether those commitments are complete, will be taken forward in the Delivery Plan, or are now part of business as usual.

5.3 This publication was delayed from summer 2022 as a result of the leadership contest, changes to the MoJ Ministerial Team and the Autumn Statement on 17 November.

5.4 The department wrote to the Committee on 7 July 2022 alongside the Treasury Minute with further details, as requested.

6: PAC conclusion: The Ministry does not yet know the effectiveness of its interventions, or whether it is achieving its aims. This limits its ability to identify and share best practice and to understand where it needs to invest to achieve its aims.

6: PAC recommendation: The Ministry should publish a monitoring and evaluation plan by September 2022. This should include the following:

- ***how it will work with other government departments to evaluate the main strategy commitments and build on the evidence of what works to aid funding decisions;***

- ***the specific performance measures it will use to assess progress towards its aims. For example, how women are dealt with at various stages – before court proceedings are started, while they are progressing through the courts, and when they are sentenced; and whether they offend in future; and***
- ***how it will use performance measures, along with other qualitative methods to identify good practice in local areas and what it will do to support its adoption widely.***

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: January 2023
Original target implementation date: Summer 2022

6.2 Alongside the Female Offenders Strategy Delivery Plan, which will set out performance metrics and draw on robust evaluation where available, the department will publish an Evaluation and Prototyping Strategy by end January 2023 that reflects the strong commitment to maintaining and developing a robust evidence base that can inform what works, for who, how and why. In line with Government Social Research Publication Protocol, the department publishes all research that generates robust and reliable information, including evaluation of interventions for female offenders.

Fifty-Second Report of Session 2021-22

Ministry of Defence

Ministry of Defence Equipment Plan 2021–31

Introduction from the Committee

Each year since 2013 the Ministry of Defence (the Department) has published its Equipment Plan (the Plan), setting out its intended investment in equipment for the following 10 years, and assessing whether this investment is affordable given its budget. This year the Department has allocated a budget of £238 billion to its 2021–31 Plan, which represents a 25 per cent (£48 billion) increase on last year's Plan. This follows the Spending Review 2020's announcement that the Department would receive £16.5 billion budget increase over four years to 2024–25 above its standard annual increase.

The Department has decided to disinvest, scale back and defer spending on various equipment types, as well as to invest in a number of new priorities and to address previous funding shortfalls. As a result, it has announced that its 2021–31 Plan marks a step change in future defence capability, and also is affordable for the first time in four years, with headroom of £4.3 billion of budget over cost.

NAO assessments of the Plan over many years have shown that the Department has been over-optimistic in its assumptions and has consistently found it difficult to strike the right balance between increasing equipment capability and living within its means. In reporting on the risks to affordability, the NAO has highlighted how the Department's decisions to cut budgets in the short term have adversely affected equipment capability and value for money.

The Russian invasion of Ukraine is a reminder of the risks and responsibilities of the UK's membership of NATO and puts a sharp focus on both the Plan's ambitions and the extent to which the Department has addressed its previous shortcomings. There is renewed importance that the Department has the right priorities in delivering capability, and that it manages its expenditure effectively to ensure the Armed Forces can secure all the equipment that they need in the quickest possible time.

Relevant reports

- NAO report: The Equipment Plan 2021-2031 Session 2021-22 (HC 1105)
- PAC report: Ministry of Defence Equipment Plan 2021-31 – Session 2021-22 (HC 1164)
- Defence Equipment Plan 2021-2031 – 21 February 2022
- Defence Equipment Plan 2022 – 2032 – 29 November 2022
- Psychological safety in MOD Major Projects 18 August 2022
- Treasury Minutes (HC 1164)
- Treasury Minutes Progress Update June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 691) the remaining recommendations are updated below.

1: PAC conclusion: The invasion of Ukraine highlights rapid technological advances by other potential adversaries beg serious questions about the pace, scope and ambition of the Department's equipment plan.

1: PAC recommendation: The next Equipment Plan should include an additional section explaining the specific changes the Department has made to reflect developments since it last reported (including changes in international relations and emerging technologies).

1.1 The department agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Ministry of Defence (the department), recognises the impact of emerging threats and is working to address the capability consequences that will likely result from these.

1.3 The recently published 2022 Equipment Plan addresses those issues, and includes detail of approaches we are putting in place to alleviate their eventual impact

1.4 Moving forward, future Plans will also include this section, to ensure regular and recurring updates on noteworthy developments between publication dates.

2: PAC conclusion: The Department appears complacent about the affordability of its Plan and still does not yet have robust arrangements in place to control the cost of its largest programmes.

2b: PAC recommendation: We recommend that there should be a clearly defined purpose for the Dreadnought contingency and any proposals for a warhead contingency, and that Government should have a robust arrangement in place, including conditions which would have to be met, before HM Treasury would consider providing any additional funds from the contingency. The Department should write to the Committee within the next three months outlining the proposed lines for governance and the timetable in which they will be agreed.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

2.2 The department continues to work with HM Treasury colleagues on funding arrangements for the replacement warhead programme and on the future governance of the Dreadnought contingency. HM Treasury is expected to write to the Committee with further information on the updated governance processes aligned to Defence's access to contingency funding.

4: PAC conclusion: Likely additional costs in other areas of departmental spending, such as on its workforce and sizeable estate, may squeeze the Plan's budget in future years, further threatening its affordability.

4: PAC recommendation: The next Equipment Plan report must clearly set out the quantified realistic affordability risk to it posed by the Department's plans for its other areas of spending.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department recognises the significance of potential pressures elsewhere in the defence programme and their impact to the affordability of the Plan.

4.3 The EP21 was the first equipment plan in five years that the NAO have described as not unaffordable, and we have maintained this position for EP22.

4.4 The 2022 Equipment Plan has a dedicated section providing assurance on the affordability of the plan, alongside additional information on financial risk and our plans and levers in place to mitigate against emerging pressures.

4.5 The principal focus of the report however will remain on spending plans in equipment procurement and support, not on defence spending as a whole.

5: PAC conclusion: The Department remains a long way short of having the finance skills it needs to manage the Plan effectively.

5: PAC recommendation: The Department should accelerate its efforts to increase its financial skills by making a career in finance more attractive and making qualifying easier. It should aim to be in the top quartile of financial capability within government departments within 3 years and set out a credible plan to achieve this.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department's Finance function undertakes an important role in the transparent, accurate reporting of the Equipment Plan and has increased resource available to produce the report. The annual equipment plan report continues to be assured through an internal, independent, team.

5.3 The Finance function is improving, achieving a Substantial Assurance rating in the 2021-22 Annual Assurance Review and is rated among the Government top performers on financial forecasting.

5.4 The department is fully committed to increasing financial professionalism and recognises its importance to improving financial outcomes. Based on Government Finance Function figures, the department is in the top third for CCAB-qualified professionals in senior Finance positions (Grade 7 through to SCS3), with 73% CCAB qualified, and a further 6% part-CCAB qualified, AAT Level 4 qualified or studying. Of those not financially qualified, the department accepts a number of senior enabling roles will align to other professions, for example Project Delivery.

5.5 The department will continue to build an enduring pipeline of professionally qualified and experienced personnel. Several initiatives are underway to address the challenge of building the right capacity and capability in the finance function, including:

- Developing interventions to facilitate study and to improve workforce attraction and retention.
- Working with professional bodies and academic providers to provide a range of qualification routes meeting the diverse needs of the profession.
- Supporting personal development including mentoring opportunities and strengthening financial capabilities more broadly through mandatory training, webinars and support to improve general business skills.

6: PAC conclusion: The Department has made little impact in its efforts to change its longstanding cultural resistance to change or criticism, which has for many years hindered a clear-eyed view of its equipment procurement performance.

6: PAC recommendation: Within three months the Department should set out when and how it is going to implement the outstanding NAO and PAC Equipment Plan recommendations made in their reports since 2015. At the same time, it should write to the Committee on how it intends to change the culture within equipment procurement and support to make it more open and realistic about performance.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department is committed to the implementation of all the Committee and NAO Equipment Plan recommendations and continues to make progress against all those outstanding.

6.3 The 2022 Equipment Plan has included an annex detailing improvements for both current and historic recommendations, presenting a comparable record with the NAO and the current view on their implementation status.

6.4 The department has maintained close contact with the NAO during this reporting cycle and has provided updated responses to those recommendations outstanding and has closed off all those that are viewed as implemented or superseded by later recommendations.

6.5 The department recognises the importance of creating the right culture in the acquisition system and has committed to improvement in critical behaviours to support effective delivery. The department recently undertook a study in our major projects, which reinforced the importance of safe-to-challenge behaviours. The study interviewed Senior Responsible Owners (SROs) and Project Directors in 12 major projects and collected survey responses from over 240 project team members. The report has been published and is available on GOV.UK.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2022-23

Updates on reports with outstanding recommendations

First Report of Session 2022–23

Department for Business, Energy & Industrial Strategy

Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2020–21

Introduction from the Committee

In response to the COVID-19 pandemic, the Department for Business, Energy & Industrial Strategy (the Department) was responsible for government's business support loan schemes including the Bounce Back Loans Scheme, Coronavirus Business Interruption Loan Scheme, and Coronavirus Large Business Interruption Loan Scheme. In 2020–21, its budget increased from £14 billion in 2019–20 to £44 billion, with much of the increase directly attributable to the government's response to the COVID-19 pandemic and associated support for businesses. The British Business Bank, one of the Department's partner organisations, was responsible for delivering all three of these business support loan schemes. In addition, seven COVID-19 business support grant schemes for businesses were delivered by local authorities acting as agents of the Department.

Together these business support schemes were intended to limit damage to businesses and the economy caused by the pandemic. The Department sought (and received) ministerial directions to proceed given the heightened risk of improper payments as a result of distributing this public money at the pace and magnitude proposed. We have reported before that the Department acted at speed to support businesses but left the taxpayer at risk of large losses due to fraud and error.

As part of his audit of the Department's accounts, the Comptroller and Auditor General qualified his opinion on regularity, given material levels of estimated fraud and error in COVID-19 business support loans and grants. As at the end of the March 2021, fraud and error in the Department's COVID-19 loan schemes was estimated to be £4.9 billion, and fraud and error in its grant schemes to be just over £1 billion. The Department will continue to refine its estimates of fraud and error in these schemes over the next few years and so a total loss to taxpayers cannot yet be determined.

Relevant reports

- NAO report: Annual Report and Accounts – Session 2019-20 (HC 709)
- PAC report: Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2020–21 - Session 2022–23 (HC 59)
- Treasury Minute: July 2022 – Session 2022-23 (CP 722)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 722) the remaining recommendations are updated below.

2: PAC conclusion: The Department does not have a good enough assessment of the levels of fraud and error in local authority administered business support grants.

2: PAC recommendation: The Department should write to the Committee by September 2022 setting out how it will obtain full cooperation from local authorities to allow it to calculate robust fraud and error estimates for all COVID-19 business support grants, milestones for achieving these calculations, and how this information is being used to focus recovery efforts.

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 The Department for Business, Energy and Industrial Strategy (the department) wrote to the Committee on 16 November 2022 regarding this recommendation.

2.3 The department has been forging a strong working partnership with local authorities, actively engaging with and supporting them every step of the way to provide us with information. As a result, local authorities have already provided more than 7,000 assurance samples as part of the Post-Payment Assurance Process of the remaining schemes and are expected to return all samples (13,000) by the end of the year. This successful collaborative way of working enabled the department to make robust fraud and error analysis of the COVID-19 business support schemes. Estimates of fraud and error in relation to the COVID-19 business support grants were published in the department's annual report and accounts.

2.4 The integration of lessons learned during the lifetime of the programme has likely contributed to the significant decrease in the estimated levels of fraud and error in the later grant schemes. In particular, the introduction of application-based processes, clearer scheme guidance, better criteria on who is eligible to receive the payments, stronger requirements for local authorities to perform pre-payment checks, the creation of a digital data platform to drive performance and more clarity on the information the department requires from local authorities to evidence that a payment was eligible. In addition, a dedicated team of relationship managers has been instrumental in providing local authorities with tailor-made support and advice.

2.5 For the Cohort 1 schemes (Small Business Grant Fund; Retail, Hospitality, Leisure Grant Fund and the Local Authority Discretionary Grant Fund) the final central estimate of irregular grant payments is £985 million (8.4%). The initial central estimate of irregular payments for Cohort 2 and 3 these schemes are: Local Restriction Grant Schemes Various (LRSG) - £27 million (0.5%), Restart Grant – £16 million (0.5%), Additional Restrictions Grant schemes (ARG) - £34 million (1.6%), Omicron Hospitality & Leisure Grant Scheme (OHLG) - £6 million (1.3%). The department will continue to work with local authorities and publish final estimates within the 2022-2023 Annual Report and Accounts (ARA).

2.6 Both the department and local authorities are actively engaged in ongoing debt recovery, with further recoveries expected throughout 2022-23. As erroneous payments are identified by local authorities and recovered, the gap between the estimate and recoveries will decrease. However, due to the initial prioritisation of speedy delivery of grant payments and the wider economic conditions impacting small businesses, the majority of payments made in error are unlikely to be recovered by local authorities or the department.

5: PAC conclusion: The Department has yet to set out how it is learning lessons from managing its COVID-19 business support schemes to better protect taxpayers' money in future.

5: PAC recommendation: The Department should continue to refine its estimates of the levels of fraud and error across its COVID-19 business support schemes, recovering monies to reduce losses to the public purse and apply any lessons learned from these to future support schemes. It should write to the Committee before the end of the year to set out how it is applying lessons learned in its ongoing activities.

5.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

5.2 The department wrote to the Committee on 16 November 2022 regarding this recommendation.

5.3 Based on the lessons learnt form the COVID 19 support schemes, BEIS has developed a counter fraud policy and strategy for its internal and external partners, ensuring standards set by the Cabinet Office fraud profession are complied with. The department's counter fraud expert function works across different policies to consult and feed into scheme design. Fraud risk assessments (FRAs) have been embedded within the department have been completed for new schemes including the Post Office Historical Shortfall, the Energy Bills Support Scheme and Green Home Grants schemes.

5.4 The department has published revised estimates for Cohort 1 COVID-19 grants and initial estimates for the subsequent grant schemes in its 2021-2022 Annual Report and Accounts. The department is continuing its assurance exercises to refine the fraud and error estimates for the subsequent schemes and will publish the refinements to the estimates for these schemes within the 2022-2023 ARA. As part of assurance, the department has written to local authorities with the findings, asking them where relevant to start the debt recovery process.

5.5 The department has continued to work with the British Business Bank to refine its methodology for estimating fraud and error in the COVID-19 loan schemes. For the Bounce Back Loan Scheme, this has involved making use of new information to drive an increased level of sophistication in estimates. For example, repayments data from lenders has provided an indication of the level of losses likely to arise in instances of fraud and error. Revised estimates were published in the department's 2021-2022 ARA.

Second Report of Session 2022-23

HM Revenue and Customs

Lessons from implementing IR35 reforms

Introduction from the Committee

The government originally introduced the IR35 off-payroll working rules in April 2000, with the objective to prevent tax avoidance by 'disguised employees'. These are people who do the same job in the same manner as an employee but avoid income tax and National Insurance contributions (NICs) by providing services through an intermediary such as a personal service company (PSC). The legislation therefore introduced a requirement for workers engaged through intermediaries to assess their employment status for tax purposes. If they are deemed to be a 'disguised employee' they will be subject to income tax and NICs at source in the same way as regular employees.

However, HMRC found that adherence to these rules was low, despite government efforts to improve compliance between 2007 and 2015. In 2016, HMRC estimated that only 10% of PSCs were applying the IR35 rules correctly, costing the exchequer £440 million in the 2016–17 financial year. To improve compliance, the government introduced reforms that shifted responsibility for making status determinations from the worker to the hiring body, which also became liable for any unpaid tax where it had failed to comply. These reforms initially applied to the public sector from April 2017 (affecting around 50,000 PSCs) and were extended to include the private and third sectors in April 2021 (affecting an estimated 180,000 further PSCs).

Relevant reports

- NAO report: Investigation into the implementation of IR35 tax reforms - Session 2021-22 (HC 1103)
- PAC report: Lessons from implementing IR35 reforms – Session 2022-23 (HC 60)
- Treasury Minute: August 2022 (CP 708)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 708 above) the remaining recommendations are updated below.

1: PAC conclusion: High levels of non-compliance in central government reflect poor implementation by HMRC and other government bodies.

1: PAC recommendation: HMRC should develop robust estimates of non-compliance for the public sector as a whole and use this to identify areas where it can reduce the inherent challenge of complying with the reforms, for example by improving its guidance and tools. It should adopt a similar approach for the private sector as the reforms bed in and write to us with an update in six months' time.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

1.2 His Majesty's Revenue and Customs (HMRC) remains committed to continuing to support customers with compliance but does not agree that developing overall estimates of non-compliance in the public and private sectors is the best way to inform this work. Instead, the department has expanded its work to obtain customer insight; it has already identified several channels through which it can collect data and will explore how this data can be used to better target education and support. HMRC is also developing its stakeholder engagement strategy, with the aim of working with stakeholders to understand the inherent challenges they face, the outcomes of which will also inform the department's approach to education and support. HMRC remains on course to deliver this work by December 2023 and provided a separate written update to the Committee on 15 November.

1.3 Additionally, HMRC is currently working to transfer the 'Check Employment Status for Tax' (CEST) tool onto a new platform, to improve the customer experience, integrate guidance and enable faster and more comprehensive editorial control of its content. HMRC's Data Analysis Team is undertaking a customer journey review of CEST, to identify which questions are causing most difficulty, and how more targeted support could be offered. Where CEST is unable to provide a determination for a particular engagement, the department is looking to provide additional support on what customers can do next.

2: PAC conclusion: We are concerned that it is too difficult for workers to challenge incorrect status determinations.

2: PAC recommendation: HMRC should ensure there is a fast and independent process for contractors to resolve disputes over status determinations. As part of this, it should assess the extent to which workers are using existing appeals routes, and how well they are working.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 HMRC already assesses clients' processes for handling disputes by contractors over their status determination, as part of routine compliance checks. However, HMRC has reviewed and updated how we do this. This includes asking clients specific questions on their process for handling disagreements, obtaining feedback on the number of disputes that a client has faced from contractors during the year, as well as the outcome of those disputes and any resulting changes to the Status Determination Statement. If the outcomes of this work suggest that customers require further education or support, HMRC will review its published guidance and consider whether it can deliver more targeted education.

2.3 HMRC's external research into the short-term impacts of the 2021 reform, which will be published before the end of 2022, will provide further details about the number of disputes clients are having with contractors regarding their status determinations. The government will review the outcomes of this research and ensure that any conclusions are considered as part of the work on this recommendation.

3: PAC conclusion: HMRC is not doing enough to understand the impact of the reforms on workers and labour markets.

3: PAC recommendation: HMRC should conduct and publish specific research into the impacts of the IR35 reforms on contractors and labour markets, to check it is being applied as intended and not adversely affecting employment opportunities.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

3.2 The government remains committed to publishing research on the impacts of the reform in the private and voluntary sectors, which gathers data on changes to the way off-payroll workers are engaged, changes to their rates of pay and the ease of recruitment, by the end of this year.

3.3 Research with off-payroll workers who work through umbrella companies or personal service companies was published on 29 September 2022. While it primarily focussed on disguised remuneration, it also provides some insight into awareness levels among contractors of the off-payroll working reforms, as well as some of the ways in which contractors have been impacted.

3.4 HMRC has been carrying out internal analysis to identify off-payroll workers who may have been affected by the 2021 reform, and what changes may have occurred in the labour market following the reform. The department tested the methodology of the analysis with external industry stakeholders to assure a robust approach. HMRC will publish this analysis, once completed.

4: PAC conclusion: We are not confident that HMRC works proactively to establish whether any sectors have been affected disproportionately by the reforms and why.

4: PAC recommendation: HMRC should proactively identify and work with sectors that have been particularly affected to understand the challenges, establish how to address them and make it easier to comply. HMRC should write to us with an update in six months with the outcome of this public engagement.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

4.2 The government remains committed to understanding any specific challenges faced by sectors and to work with them to make it easier to comply and remains on course to deliver outcomes by December 2023. HMRC provided a separate written update to the Committee on 15 November.

4.3 HMRC is undertaking an internal review to explore the usefulness of CEST across industry sectors. The department is moving away from publishing sector specific guidance and as such aims to work with sectors to help them better understand how to use the CEST tool and existing guidance and provide additional support as necessary. The department aims to consult a range of stakeholders towards the end of the year on the outcomes of this report and ensure the proposed solutions are appropriate across sectors.

4.4 HMRC are also exploring what sector-specific insights it can draw from the external research with client organisations due for publication later this year.

4.5 HMRC continues to develop a revised stakeholder engagement plan, focussing on proactive engagement with representative bodies from particular sectors, and plans to share its proposed approach with external stakeholders at the earliest opportunity. In the meantime, the department has continued to work closely with external stakeholders such as the Tax Centre for Excellence (TCOE) on the current issues faced by the sectors they represent.

5: PAC conclusion: HMRC has not made a robust assessment of the additional costs of implementing the reforms.

5: PAC recommendation: In light of actual experience, HMRC should produce and present to Parliament a cost-benefit analysis of the reforms that reflects the actual costs of compliance to HMRC itself, hiring organisations, workers, and others in the supply chain.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

5.2 HMRC will publish internal analysis on the impacts of the 2021 reform before the end of 2023 which will include information on the actual spend by client organisations and HMRC as well as the additional revenue generated from the reform. Based on the data currently available, it is not possible to publish a full cost-benefit analysis taking account of all parties in the supply chain.

5.3 HMRC has tested the methodology for its analysis with external industry stakeholders to assure a robust approach.

6: PAC conclusion: Despite years of reforming the IR35 rules, there are still structural problems with how they work in practice.

6: PAC recommendation: HMRC should review how the system is working and whether it can be made more efficient and effective. In particular, it should develop solutions to address problems with how the IR35 rules work in practice, including ensuring that:

- ***HMRC has the data it needs to accurately reflect each worker's tax position in cases of non-compliance; and***
- ***HMRC does not end up taxing the same income twice, or unwittingly contributing to workers not paying their fair share in tax.***

6.1 The government agrees with the Committee's recommendation.

Target implementation date: to be confirmed

6.2 HMRC continues to engage with its working group of external stakeholders on options for a potential legislative solution to address the issue of taxing the same income twice.

6.3 In parallel, the department is continuing to review and refine its process for notifying workers and their intermediaries about overpayments of tax, and their route to reclaim these amounts, where it has sufficient information to identify them.

6.4 HMRC will keep the Committee informed as progress is made and update the target implementation date at the earliest opportunity.

Third Report of Session 2022–23

Department for Business, Energy & Industrial Strategy

The future of the Advanced Gas-cooled Reactors

Introduction from the Committee

The UK has eight second generation nuclear power stations accounting for around 16% of total UK electricity generation in 2020. These stations are owned by EDF Energy (EDFE) following its purchase of British Energy in 2009. The stations comprise seven Advanced Gas-cooled Reactor (AGR) stations, all of which are planned to stop generating electricity by 2028, plus the Pressurised Water Reactor (PWR) at Sizewell B. In 1996, government established the Nuclear Liabilities Fund (the Fund) to meet the cost of decommissioning these eight stations. The aim of the Fund is to generate returns from investments that will meet the costs of decommissioning. As at March 2021, the Fund's assets were valued at £14.8 billion and the estimated decommissioning costs of these eight stations was £23.5 billion. The government has provided a guarantee to underwrite the Fund in the event that its assets are insufficient to meet the total costs of decommissioning.

The arrangements for decommissioning the stations have been governed by a series of agreements between the Fund, the Department for Business, Energy & Industrial Strategy (the Department) and the station owners. In late 2017, the Department entered into negotiations with EDFE to revise the agreements for the seven AGR stations. The agreement was finalised in June 2021. Under the revised agreements EDFE will defuel each of the stations after they have closed, as previously planned. The Department has, however, agreed financial incentives to encourage EDFE to accelerate defueling and transfer of the stations. This includes EDFE earning up to £100 million for good performance but paying out up to £100 million for poor performance. Ownership of the stations will then be transferred to the Nuclear Decommissioning Authority (NDA) to complete the decommissioning process. The Department estimates the new agreements could save the taxpayer up to £1 billion compared with the previous agreements.

Following the evidence session, we engaged in a series of follow-up correspondence with the Department and HM Treasury. A chronological list of this can be found in Annex 1 at the back of the PAC report.

Relevant reports

- NAO report: The decommissioning of the AGR nuclear power stations -Session 2021-22 (HC 1017)
- PAC report: The future of the Advanced Gas-cooled Reactors - Session 2022–23 (HC 118)
- Treasury Minutes: The future of the Advanced Gas-cooled Reactors - Session 2022-23 (CP 722)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 722) the remaining recommendations are updated below.

1: PAC conclusion: Government's investment strategy for the Fund has delivered poor returns and has resulted in the taxpayer having to top-up the Fund with an additional £10.7 billion in just two years.

1: PAC recommendation: HM Treasury and the Department, working with the trustees of the Fund, should within twelve months review the investment approach and write to the Committee setting out the expected performance of the Fund based on the chosen investment strategy and the extent to which this will avoid further calls upon the taxpayer. The departments should set out the rationale underpinning the investment strategy, in particular the split between investment placed in the National Loans Fund earning a low return and the sum invested in higher performing private sector assets.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: May 2023

1.2 Working with HM Treasury and the Nuclear Liabilities Fund (NLF), the Department for Business, Energy & Industrial Strategy (the department), remains on course to write to the Committee by May 2023 setting out the expected performance of the Fund based on the current investment strategy and the rationale underpinning this strategy.

2: PAC conclusion: The estimated cost of decommissioning has nearly doubled since 2004–05 and there remains a significant risk that the costs will rise further.

2: PAC recommendation: As part of the 2022 revaluation of the decommissioning liabilities, the Department, working with the trustees of the Fund, should ensure the estimates make explicit allowance for the risk of optimism bias. The Department should report back to the Committee on the new estimates when they are available.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2023

2.2 The government is working with the Non-NDA Liabilities Assurance team (NLA), which acts in respect of the department's agent in terms of scrutinising EDF Energy Nuclear General Limited's (EDF) decommissioning submissions, to assess and evaluate the risk of optimism bias.

2.3 The department remains on track to write to the Committee by July 2023 on the new estimates.

3: PAC conclusion: The terms of the 2009 sale of the nuclear stations agreed by the Department with EDFE placed a disproportionate amount of risk for meeting future decommissioning costs on the taxpayer.

3: PAC recommendation: As proposals for building new nuclear stations are firmed up, the Department needs to learn lessons from AGR decommissioning for how the decommissioning of new nuclear stations will be funded, for example linking contributions more closely to reliable estimates of liabilities, and building in mechanisms for adjusting contributions from operators should estimates of liabilities increase.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 As per the department's letter to the Committee on 31 August 2022 in more detail, the funded decommissioning plan (FDP) policies in place to support the development of new nuclear stations already build upon what was learnt from the AGR stations. The response also noted the FDP arrangements in respect of the new nuclear power station Hinkley Point C, and that any prospective operators of Small Modular Reactors (SMRs) will also be required to prepare and submit a Funded Decommissioning Programme (FDP) for approval by the Secretary of State before nuclear related construction can begin.

4: PAC conclusion: EDFE's timetable for the closure of the stations will result in a significant reduction in the UK's generating capacity until new capacity comes online.

4b: PAC recommendation: The Department and NDA should publish plans within 12 months setting out how they will make best use of NDA's nuclear sites in future, including whether they are suitable for new nuclear infrastructure, such as modular reactors. In particular they should clarify how the transfer to the NDA from EDFE will allow for these Modular reactors.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: May 2023

4.2 The department remains on track to provide an update to the Committee by May 2023 regarding the use of NDA's nuclear sites in future.

5: PAC conclusion: We are not convinced the Department has struck the right balance in incentivizing the NDA and EDFE to deliver safe and efficient defueling of the AGR stations on time while reducing costs.

5: PAC recommendation: The Department should write to the Committee within six months outlining how it will assure itself that the incentives are working and setting out the actions it will take if the incentives are not working.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The government wrote to the Committee at the end of November setting out in more detail the assurance arrangements for how the incentives are working.

5.3 The Nuclear Liabilities Funding Agreement contains agreed targets, milestones, and mandatory key performance indicators. These are subject to regular review. The department will consider progress demonstrated by the information provided and escalate areas of concern to the highest appropriate level.

5.4 The incentives have been a central pillar of all ongoing governance and oversight activities between EDF, and the department. In combination with the Cost Target Ranges the incentives are one of the primary considerations when monitoring the progress towards defueling and seamless transfer of the Advanced Gas-cooled Reactors (AGR) stations. The incentives include the possibility of reward payments of up to £100 million, contra charges for failure to meet agreed performance objectives of up to £100 million and then a backstop power to remove stations from EDF and pass to the NDA in an accelerated manner that would have negative estate-wide costs and consequences for EDF.

5.5 Quarterly and annual EDF performance reviews take place under the Nuclear Liabilities Funding Agreement (NLFA) agreement and provide the basis for assurance to the department that the incentive process is working, and that the collaborative working and partnership between parties remains strong. The department chairs two senior forums under the cooperation MoU, focussed on: defueling; strategic alignment; and transfer.

5.6 The Permanent Secretary chairs an annual review of cooperation performance between EDF and the Nuclear Decommissioning Authority (NDA) with attendance from EDF and NDA at CEO level.

5.7 The department leads senior leadership meetings with EDF, NDA and other key leadership partners to discuss risks, threats, and opportunities, and to review performance metrics which contain detailed information on individual stations' progress towards targets against an operating framework agreed by all parties.

6: PAC conclusion: Arrangements for transferring nuclear stations to NDA are worryingly under-developed, and there is a risk that transfer negotiations between EDFE, and NDA could drag on and increase the costs to the taxpayer.

6: PAC recommendation: Within the next six months the Department, following discussions with NDA and EDFE, should write to the Committee with a detailed plan and timetable for how the transfers will take place. This plan should cover all the major aspects of the transfer including land and people, and it should identify where uncertainties remain, how those uncertainties might affect costs, and when they are likely to be resolved.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: May 2023

6.2 As previously noted to the Committee, EDF and NDA (via its subsidiary Magnox) are currently working together to deliver detailed transfer plans for the AGR stations, starting with Hunterston B, with an anticipated delivery date of May 2023. Accordingly, the department is working in anticipation of an implementation date for this recommendation of May 2023.

6.3 A transfer plan for Hunterston B will be available in May 2023, but necessary work will remain ongoing to support delivery of transfer plans for the subsequent stations, which is a long term project that will take place over coming years. The department proposed and is working towards sharing the Hunterston B plan with the Committee when completed in May 2023, alongside a summary of progress of plans for the remaining stations at that time.

6.4 The department remains on track to provide a plan regarding transfer planning to the Committee by May 2023.

7: PAC conclusion: Given the scale and complexity of decommissioning the AGR stations, we are concerned that the Department's oversight of a complex set of governance arrangements is itself not subject to sufficient scrutiny and challenge.

7: PAC recommendation: The Department should write to the Committee within the next six months setting out how it is assuring itself that it is discharging its oversight role effectively and detailing the current and future plans for reviewing the Department's own performance.

In addition, despite the Department's assertions to the contrary, it should write to the Committee and explain why it shouldn't place the programme on GMPP at an earlier stage in the transfer phase from EDFE to NDA so it can benefit from advice on the adequacy of the proposed transfer terms between EDFE and the NDA.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 Monitoring, reporting, and assurance processes and structures were put into place following the agreement of the revised AGR defueling and decommissioning arrangements with EDF and NDA.

7.3 Alongside the monitoring processes implemented within the revised arrangements (and in conjunction with existing and long-standing assurance fora), EDF, NDA, Magnox and Sellafield retain their own monitoring frameworks. The department as SRO for the programme leads a senior scrutiny forum for stakeholder CEOs to monitor progress.

7.4 The department wrote to the Committee at the end of November setting out in detail its recent review regarding revised arrangements, including the department's oversight of the programme.

7.5 The department recently undertook an independent, IPA-style assurance review of the effectiveness of cooperation of stakeholders under the revised arrangements, as well as the effectiveness of the department's current oversight. The report noted that the framework cooperation document is currently fit for purpose.

7.6 With regard to the inclusion of the programme on the Government Major Projects Portfolio (GMPP) at an earlier stage, the department sought views from the Infrastructure and Projects Authority (IPA) and wrote to the Committee in November with more detail.

Fourth Report of Session 2022-23

HM Treasury and Cabinet Office

Use of evaluation and modelling in government

Introduction from the Committee

Evidence-based decision-making is vital for government to secure value for money. Analysis and evaluation are key sources of evidence and should be at the heart of how government runs its business. Government relies on financial models for its day-to-day activities to help test policy options, estimate costs and improve the value for money of government spending. Outputs from models underpin decisions that often have very real impacts on people's lives. Good quality evaluations can help government understand what works, how and why, and support accountability. Departments are expected to undertake comprehensive, robust and proportionate evaluations.

Across government, HM Treasury, the Analysis Function, the Finance Function, the Evaluation Task Force, Cabinet Office and departmental accounting officers all have a role to play in improving evaluation and modelling. Guidance, expectations and standards are set out in documents such as Managing Public Money, the Magenta Book and Aqua Book, and the Analysis Functional Standard.

Relevant reports

- NAO report: Evaluating government spending – Session 2021-22 (HC 860)
- NAO report: Financial modelling in government – Session 2021-22 (HC 1015)
- PAC report: Use of evaluation and modelling in government – Session 2022-23 (HC 254)
- Treasury Minute: August 2022 – Session 2022-23 (CP 708)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 708) the remaining recommendations are updated below.

1: PAC conclusion: Much of government activity is not evaluated robustly or at all, and government does not know what works to improve outcomes in those areas.

1: PAC recommendation: HM Treasury and Cabinet Office should set out their objectives for improving the evaluation system and how they will measure these. The Cabinet Office should publish progress annually against these objectives, including quantifying improvements in the scale and quality of evaluations across government.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Evaluation Task Force has written a strategy that sets out clear objectives and activities for improving the evaluation system across government by 2025. The strategy details a range of quantifiable indicators that will be monitored annually to assess the Evaluation Task Force's progress towards and achievement of outcomes. The strategy has been published on the Evaluation Task Force website and progress against indicators will be published annually (commencing March 2023). The strategy has been developed in consultation with the Evaluation Task Force Oversight Board, HM Treasury, the Analysis Function and the Cross-

Government Evaluation Group. The publication of the strategy was delayed due to the change in government.

2: PAC conclusion: HM Treasury is not making full use of the spending levers it has at its disposal to deliver a step change in the use of evaluation across government.

2: PAC recommendation: By November 2022, HM Treasury should set up a formal process for routinely tracking and following up on spending review settlement conditions relating to evaluation. HM Treasury should set out the range of interventions it will use if departments fail to meet the conditions.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Evaluation Task Force has a central tracking system that shows progress against departments' delivery of all the settlement conditions relating to evaluation. This system has informed the Evaluation Task Force's engagement work with departments.

2.3 For example, one of the settlement conditions states that by June 2022, departments should publish an evaluation strategy. As of September 2022, nine departments have published their evaluation strategies, while the other nine have been granted an extension. The Evaluation Task Force is actively following up with those who are yet to publish and are discussing the best approach with HM Treasury should any of the remaining nine not meet this condition.

2.4 Updates on these conditions have been summarised and included every month in the Evaluation Task Force's monthly updates to the Chief Secretary of the Treasury and to the Minister for Brexit Opportunities and Government Efficiency. Looking forward, updates will continue to be reported to the Chancellor for the Duchy of Lancaster, the Chief Secretary of the Treasury, the Minister for the Cabinet Office, the Director General of Public Spending and Second Permanent Secretary to the Treasury.

3: PAC conclusion: No single body is responsible for upholding modelling and evaluation standards and monitoring their implementation.

3: PAC recommendation: The Analysis Function, under the responsibility of the UK Statistics Authority, should:

- ***put in place an appropriate assessment framework to monitor departments' implementation of the Analysis Functional Standard;***
- ***act on areas for improvement identified through its assessment framework; and***
- ***agree with HM Treasury the funding it will provide for these roles.***
- ***HM Treasury should set out how it plans to gain confidence that the outputs it uses from departments' business critical models have been quality assured appropriately.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2023

3.2 The Government Analysis Function is committed to upholding modelling and evaluation standards. Following our last update, the Analysis Function have been taking forward a range of activities towards meeting the PAC recommendations and continue to work closely in partnership across government to strengthen analytical standards.

3.3 The Analysis Function is continuing to pilot the Assessment Framework, which will allow departments to monitor their implementation of the Analysis Functional Standard. Since the last update, two rounds of piloting have been conducted with departments and feedback gained from the Analysis Function Standards steering group, which have been used to understand what is working well and where changes are needed. The Analysis Function is now refining and finalising the Assessment Framework following the pilot, so that this is completed with sufficient time for departments to conduct the assessment before the end of the financial year 2022-23. The Analysis Function has also been taking forward an update to the Analysis Function Standard to accompany the Assessment Framework. The Analysis Function will provide support for departments in conducting these assessments, including through informal benchmarking. Moreover, the Analysis Function has been supporting the Finance Function in updating the Finance Standard, to ensure the role of analysis is clear.

3.4 Once the Assessment Framework process is in place, departments will be asked to identify what changes they are planning to make to drive improvements against the Standard, so that the Analysis Function can assess where further action is required. The Analysis Function will continue to keep PAC updated on progress in this important area.

3.5 In light of the recommendations from the Committee and the importance that departments live within their Spending Review settlements, the Office for National Statistics (ONS) continues to work with HM Treasury to consider the future scope of the Analysis Function and how it supports government analytical capability.

4: PAC conclusion: Good quality modelling and evaluation is hampered by challenges in sharing data and a lack of common data standards.

4: PAC recommendation: The Cabinet Office should set out its progress in using its national data strategy to address the barriers to better sharing and use of data, including its development of cross-government standards for collecting, storing, recording and managing data.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

4.2 As previously advised, the Central Digital and Data Office (CDDO) is creating the conditions for government departments and organisations to transform the way they use data for better decision making through the delivery of two key strategic missions:

- Mission 3 of the National Data Strategy (2020) and
- Mission 3 of its own DDaT strategy for government, Transforming for a Digital Future: Government's 2022-25 Roadmap for Digital and Data, launched on 9 June 2022 in collaboration with departments and the Government Digital Service (GDS).

4.3 Nineteen of the 30 actions in Mission 3 of the National Data Strategy have been completed or closed, with the remaining 11 on track. This includes setting standards for common adoption in government such as UK Gemini (geographic metadata), updated standards on how to design, build and operate Application Programming Interfaces (APIs) in a consistent way, and working in collaboration with government departments to develop a definition of data criticality and a data ownership model for government which will underpin plans for a data marketplace. Between July and September 2022 (Q3), the register of Information Sharing Agreements (ISA) under Parts 1-4 of the Digital Economy Act 2017 rose to 201 (up 25 on previous quarter). The register of information sharing agreements has increased by 27% from this point in 2021.

4.4 In the first year of delivery of the Transforming for a Digital Future Roadmap, CDDO has been delivering a range of actions to build consensus and establish foundations to ensure data is fit for purpose, trusted and available via interoperable architecture. This includes the inception of a Data and Technology Architecture Design Authority for government earlier this year, and the rollout of a Data Maturity Model for government by March 2023.

5: PAC conclusion: Departments are not meeting government requirements on publishing evaluation plans and findings, and on transparency of models and their outputs.

5a: PAC recommendation: HM Treasury should work with the Cabinet Office to publish a tracker with details of evaluations including their planned publication date, and explanations from departments where publication is delayed or withheld.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

5.2 The Evaluation Task Force has been working towards the development of an Evaluation Registry for government departments. The Evaluation Registry will provide departments with functionality to register details of evaluations throughout their lifecycle, from their planning stages through to their results. When registering an evaluation during its planning stages, the registry will include the ability to record details of intended timescales, such as the expected publication date. Departments will be able to provide updated information while the evaluation is ongoing, which would include the ability to provide information on any delays that change the expected publication date.

5.3 The Evaluation Task Force is following the Gov.UK Service Manual approach to agile development for the Evaluation Registry project. Under this approach, the first stage, a Discovery phase, has now been completed. During the Discovery phase, the Evaluation Task Force interviewed a range of stakeholders from across and beyond government, to understand how best to develop a tool that will meet their needs and become well used. Drawing on the information gained from the Discovery phase research, the Evaluation Task Force is currently making arrangements for proceeding to Alpha and Beta development, liaising closely with colleagues in the Chief Digital and Information Office Directorate of Cabinet Office and the Government Digital Service.

5.4 The government is aiming to complete development of the Evaluation Registry to fulfil this recommendation by Summer 2023. However, there remains an outstanding risk that it may not be possible to secure the services of a development supplier who is able to promptly undertake the work for a reasonable price relative to the scope of work.

5b: The Analysis Function should update its Functional Standard to include clear principles for departments to follow on the publication of models, their outputs, and registers of business-critical models.

5.5 The government agrees with the Committee's recommendation.

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

5.6 The Government Analysis Function is committed to providing appropriate support to departments on modelling and taking clear action on this recommendation. During summer 2022, the Government Analysis Function reviewed the updates required to the Aqua Book, engaged with experts across Government to agree on the ownership of the Aqua Book and assessed what further guidance may be needed to support the quality assurance of models, which includes a Quality Assurance Maturity framework to support the assessment framework which sits alongside the Analysis Functional Standard. Analytical leadership was brought together at the October Analysis Function Board to agree the approach. The resourcing requirements for the work are now being finalised. The Government Operational Research and Government Actuary professions will lead the work for the Analysis Function. The next stage will be a more detailed scoping of the revisions required to guidance, followed by wide stakeholder engagement before production of the revised set of guidance next year. The work needed to address this recommendation should be complete by summer 2023.

6: PAC conclusion: Model producers and users do not adequately assess the range of plausible outcomes and are overly reliant on central estimates that do not reflect inherent uncertainty.

6: PAC recommendation: As a key user of outputs from models, HM Treasury should routinely require departments to present the range of plausible outcomes. In its self-assessment tool, the Finance Function, under the responsibility of HM Treasury, should include consideration of how analysis and modelling are applied, including expectations on how accountants should analyse, manage and communicate uncertainty.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2023

6.2 The Finance Function has begun work to refresh its functional standard. As part of this refresh, the Finance Function has engaged the Analysis Function in identifying and setting out clear modelling and analysis expectations for finance teams, drawing on the Analysis Standard and the Aqua Book. Where this produces mandatory requirements of finance teams, these will be incorporated in the Finance Function's self-assessment tool. The refreshed Finance Standard and updated self-assessment tool will be completed by the end of March 2023.

Fifth Report of Session 2022-23

Department for Levelling Up, Housing and Communities

Local Economic Growth

Introduction from the Committee

In the decade to 2020, government committed £18 billion in domestic funding to local economic growth policies in England. Since 2014, a further £10.3 billion or so has been directed to the UK through EU structural funding. Despite efforts by successive governments to tackle longstanding spatial disparities, the UK remains less productive than its main competitors, shows regional disparities that are among the largest in the OECD and inequality within the UK's regions is even greater than it is between them. The COVID-19 pandemic has hit some of the country's most deprived areas hardest. Government has pledged to level up the country and published its Levelling Up White Paper in February 2022.

The Department for Levelling Up, Housing & Communities (DLUHC), has a coordinating role for Levelling Up and leads on the design and delivery of central government's place-based local growth interventions. At the November 2020 Spending Review, government announced or furthered a series of interventions to support the regeneration of towns and communities across the country. These included the £3.2 billion Towns Fund in England and three UK-wide schemes: the £4.8 billion Levelling Up Fund, the one-year £220 million Community Renewal Fund to replace European Funding in advance of the UK Shared Prosperity Fund, and the creation of Freeports. As at November 2021, and including the £2.6 billion for the UK Shared Prosperity Fund announced at the 2021 Spending review, central government had committed £11 billion through these schemes over the period 2020–21 to 2025–26.

Relevant reports

- NAO report: Supporting local economic growth – Session 2021-22 (HC 957)
- PAC report: Local economic growth – Session 2021-22 (HC 252)
- Treasury minute: August 2022 (CP 708)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 708) the remaining recommendations are updated below.

1: PAC conclusion: It is unsatisfactory that Ministers finalised principles for awarding the first round of the Levelling Up Fund only once they knew the identities and scores of shortlisted bidders.

1b: PAC recommendation: The Department should:

- ***Provide thematic and geographic transparency of successful and unsuccessful bidders in line with other targeted local growth funding.***

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: end of 2022
Original target implementation date: Autumn 2022

1.2 Building on the full and transparent account of assessment and decision making set out in the Explanatory Note for round one, the Department for Levelling Up, Housing &

Communities (the department) is happy to provide information on the balance of successful and unsuccessful bids by theme and geography.

1.3 This information will be published following the announcement of results for the second round of Levelling Up Fund. The department expects to announce the results before the end of the year.

2: PAC conclusion: The Department does not yet have a strong understanding of what works for local growth, but we welcome its belated commitment to evaluating local growth interventions.

2a: PAC recommendation: The Department should update us on progress with its local growth evaluation commitments (including for the Local Growth Fund) and set out how it intends to feed evaluation findings back into its ongoing local growth activity and to the wider levelling up agenda.

2.1 The department agrees with the Committee's recommendation.

Target implementation date: September 2023

2.2 The department has now completed all internal approvals to procure evaluation services for Local Growth Fund and Towns Fund. It aims to have a provider in place for both evaluations by the end of the financial year. The evaluation or the Local Growth Fund will include a feasibility study for a process and impact evaluation, which will be published, followed by the main evaluation. The Local Growth Fund evaluation contract will also include an evaluation of the Getting Building Fund. The UK Shared Prosperity Fund (UKSPF) evaluation strategy will be published in the new year.

2.3 The Freeports monitoring and evaluation (M&E) framework is almost complete and data collection is underway to assist the evaluation. An update on Freeports progress and M&E will be published in November each year as previously committed to the International Trade Committee, through the government's response to its report on UK Freeports.

2.4 The department is currently designing an evaluation prioritisation framework to support decisions and resource management on evaluation for all current local growth programmes and provide guideline for new funds. This will ensure that all funds are considered for evaluation thereby providing a stronger evidence base to the department to inform and shape future funding activity.

2.5 There are processes in place so that local growth evaluation reports are shared within the department and in due course published on gov.uk. To ensure a broader reach, processes to feed evaluation findings into the local growth and levelling up policy agenda are at the design stage. The department will be pleased to share progress on this and further developments on evaluation commitments with the Committee next year.

4: PAC conclusion: There remains considerable uncertainty for Local Authorities around funding, structures and responsibilities for local economic growth.

4: PAC recommendation: In its Treasury Minute response, the Department and HM Treasury should set out how they intend to provide greater certainty to Local Authorities to enable them to plan the integrated capital, skills and community investment needed to drive growth in their areas.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: to be confirmed

4.2 The department is in the process of validating UKSPF investment plans. Once the outcome is finalised an announcement will follow.

4.3 As set out in the Treasury Minute of August 2022, the government will set out a plan for streamlining the funding landscape which will include a commitment to help local stakeholders navigate funding opportunities.

5: PAC conclusion: It is unclear how the Department is reconciling tensions between devolved responsibilities and administering local growth funding on a UK-wide basis.

5: PAC recommendation: The Department should set out:

- ***How it will ensure that the processes are awarding funding for the future rounds of Levelling Up Fund and UKSPF will address the prioritisation of devolved nations.***
- ***How it plans to ensure ongoing engagement with the devolved administrations.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department has delegated delivery of UKSPF in Scotland and Wales to local authorities and is working closely with local partners in Northern Ireland where a UKSPF Partnership Group has been established. This means local people will play a leading role in prioritising and tailoring UKSPF to local needs.

5.3 The UK government recognises that the circumstances in which the UKSPF will operate differ by nation. It has therefore worked with partners in Scotland, Wales and Northern Ireland, including the Scottish and Welsh governments and departments across the Northern Ireland Executive, to develop and inform the most appropriate mix of interventions for each nation. DLUHC has engaged with each devolved administration about UKSPF, and wants them to take on a number of roles and responsibilities in the Fund, including participating in a UK-wide ministerial forum, working with strategic geographies on the development of investment plans and attending local partnership groups that will advise each place on Fund delivery.

5.4 As set out in published guidance, a minimum of £800 million from the Levelling Up Fund has been set aside for Scotland, Wales, and Northern Ireland. Subject to a suitable number of high-quality bids coming forward, the department has also committed to awarding at least 9% of total UK allocations to Scotland, 5% to Wales, and 3% to Northern Ireland across its first and second round. This is above funding allocations that would have been awarded via Barnett.

5.5 The Inter-ministerial Standing Committee has met twice, in late March, chaired by the department's former Secretary of State and attended by the First Ministers of Scotland and Wales and intergovernmental relations ministers, to discuss strategic and cross-cutting elements of levelling up, and in June to discuss the UK Parliament legislative programme and the rise in the cost of living.

6: PAC conclusion: Accountability for levelling up outcomes remains unsatisfactory.

6: PAC Recommendation: HM Treasury and the Department should write to the committee alongside the Treasury Minute response to clarify departmental accountabilities for levelling up outcomes and in particular for cross-cutting missions.

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: end of 2022
Original target implementation date: Autumn 2022

6.2 The department will be writing to the Committee imminently with further detail on the levelling up missions and departmental accountabilities.

7: PAC conclusion: The Department does not yet know how it will measure performance on a consistent basis across different geographical areas and timescales.

7: PAC recommendation: The Department should clarify how it intends to provide performance information on a consistent basis (both year on year and across different geographical areas) and how, in the absence of good quality local data, it intends to establish a baseline against which to measure progress.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

7.2 The department continues working together with the Office for National Statistics (ONS) and other government departments to address data gaps and produce indicators that will measure progress against the levelling up missions at local level.

7.3 The ONS is looking to publish Gross Value Added data at Middle and Lower Layer Super Output Area data in December 2022. This will allow measuring and monitoring productivity at very granular geographies and support the monitoring against mission 1.

Sixth Report of Session 2022-23

Department of Health and Social Care

Department of Health and Social Care 2020-21 Annual Report and Accounts

Introduction from the Committee

The Department of Health and Social Care (the Department) leads the health and care system in England. The Departmental Group's accounts show that total operating expenditure increased to £191.9 billion in 2020–21, a 30% increase on 2019–20. This included a £20.5 billion (31%) increase in operating expenditure on the purchase of goods and services primarily related to its response to the COVID-19 pandemic. The Comptroller and Auditor General (C&AG) qualified his audit opinion on the accounts for several reasons. There was insufficient evidence to support: the Core Department inventory balance of £3.6 billion at year-end; £6.1 billion of inventory consumed during the year; £8.7 billion of inventory impairments; and the £1.2 billion onerous contract provision recognised by the Department for inventory purchased but not received at the year-end. There was also insufficient evidence to support the Group accruals balance of £17.2 billion. In addition, £1.3 billion of the Department's COVID-19 spending was spent either without the necessary HM Treasury approvals or in breach of conditions set by HM Treasury, and there was insufficient evidence to show that the Department's spending, particularly on COVID-19 procurement, was not subject to a material level of fraud.

Relevant reports

- DHSC report: Department of Health and Social Care Annual Report and Accounts 2020-21 (HC 1053)
- PAC report: DHSC Annual Reports and Accounts 2020-21 (parliament.uk) – Session 2022-23 (HC 253)
- Treasury Minutes, September 2020, Thirteenth Report of Session 2019-21 (CP 291)
- Treasury Minute, August 2022, Sixth Report of Session 2022-23 (CP708)
- Correspondence to the PAC dated 4 August 2022
- Correspondence to the PAC dated 4 August 2022
- Correspondence to the PAC dated 10 November 2022
- Correspondence to the PAC dated 14 November 2022

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (correspondence dated 14 November 2022 above), the remaining recommendations are updated below.

1: PAC conclusion: Having spent £12bn on PPE, the Department has £4bn of PPE in storage that will not be used in the NHS and now faces the challenges and costs of its disposal.

1a: PAC recommendation: Alongside its Treasury Minute response, the Department should write to us setting out full details on how it plans to dispose of unusable and excess PPE, the volumes and cost (of the PPE disposed of and the related storage and disposal costs) and impacts (environmental or otherwise) this may have.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department of Health and Social Care (the department) wrote to the Committee on 14 November 2022 setting out the disposals strategy for excess personal protective equipment (PPE).

1.3 The department will continue to provide reports to the Committee as part of the quarterly reporting as laid out in TM 13 Whole of government response to COVID-19 to allow the Committee to track the progress of the PPE disposal programme.

1b: PAC recommendation: In addition, we ask that the Department now include an update on the progress of PPE disposal in the quarterly update they already provide the Committee following our Initial lessons from the government's response to the COVID-19 pandemic report (Thirteenth report Session 2021–22).

1.4 The government agrees with the Committee's recommendation**.**

Recommendation implemented

1.5 The department will continue to write to the Committee to update on the progress of PPE disposals. The first return was sent in on 14 November 2022.

1.6 This information will be shared through the existing reporting mechanism established through TM 13 Whole of government response to COVID-19. The department originally committed to providing these reports to the Committee until August 2022 but will continue to do so until August 2023 to allow the Committee to track progress on the efforts around disposals.

2: PAC conclusion: The procurement of PPE in response to the COVID-19 pandemic overwhelmed existing systems and has exposed weaknesses in the Department's commercial contracting capability.

2a: PAC recommendation: In its Treasury Minute response the Department should set out its 'commercial reset' plan and the timeline for scaling up its commercial capability across the Departmental Group to ensure sufficient support is in place to procure and manage existing and future contracts.

2.1 The government agrees with the Committee's recommendation

Target implementation date: Spring 2023

2.2 In line with its 'commercial reset', DHSC continues to strengthen commercial delivery by:

- Cementing clear lines of responsibility and accountability.
- Enhancing commercial governance including escalation processes.
- Reinforcing best practice behaviours and compliance with procurement policies and processes.
- Increasing commercial awareness across the Department, health family and health system

2.3 Through the introduction of a new Commercial Assurance Team and Commercial Assurance Board (CAB), the department has taken steps to engage with all DHSC Executive Agencies and Arm's Length Bodies to ensure appropriate levels of commercial assurance. The CAB bridges the gap between existing Spend Control Approval Panels and the Investment Committee, assuring cases for new contracts and extensions that are either: over £10 million; classified as Gold level contracts; novel and contentious; or repercussive in nature.

2.4 This approach ensures departmental compliance and supports effective quality assurance of content prior to submission for Cabinet Office approval. In the year to date, the team has assured in excess of 350 cases, valued at £21 billion.

2.5 The department has resolved to deliver a quality commercial service, having developed and now implemented its Health Family Commercial Head of Profession (HOP) plan for 2022-23. This is in line with the Best Practice Framework for professions in the Civil Service.

2.6 Following a skills review, a range of priority commercial capability activity is being implemented for 2022-23. This includes facilitating the attainment of professional qualifications and delivering a bespoke procurement capability programme. This programme aims to increase commercial capability for those staff undertaking commercial activity and to increase commercial awareness for all staff.

2b: PAC recommendation: The Department should also keep us informed of cases where it is has been both successful and unsuccessful in reclaiming money spent on sub-standard PPE or recovering money paid to suppliers where no goods were received.

2.7 The government agrees with the Committee's recommendation

Recommendation implemented

2.8 The department has committed to provide regular updates as part of the quarterly reporting as laid out in Treasury Minute 13 Whole of government response to COVID-19. In instances where the information is commercially sensitive and could impact the department's ability to successfully pursue cases to completion, the department will consult with the Parliamentary Clerk to determine how best to provide the information to the Committee. The information will be made publicly available in due course.

2.9 The first return in response to this recommendation was sent in April 2022.

2.10 Confidential annexes have accompanied quarterly reporting since the return in April 2022. These will be made publicly available, in due course.

3: PAC conclusion: There is no clear plan for how big the PPE stockpile needs to be and how the Department will build greater resilience into the NHS supply chain so that it can respond at pace to future urgent needs.

3: PAC recommendation: The Department should develop a clear plan to increase the resilience of the NHS supply chain to be able to respond at speed if there is another pandemic or variant of concern and needs to explain in detail to the Committee how it intends to work out what items and how much PPE it needs to hold as a national stockpile going forward.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

3.2 The department has recently concluded a fundamental review of emergency preparedness clinical countermeasures, which includes PPE, that need to be easily available in event of future pandemics or emerging potentially serious infectious diseases. This factored in lessons learnt from the COVID-19 pandemic, alongside further analysis of risks, to update the National Risk Register. The review will provide recommendations for the ongoing development of the department's new approach to pandemic preparedness.

3.3 The department is continuing to work closely with the UK Health Security Agency (UKHSA) and NHS Supply Chain on the specific types and amounts of PPE that would need to be made readily available to provide resilience and respond to future pandemics or emerging infectious diseases. The department is currently preparing advice on options and costs and expects to be able to offer more information on this work to the Committee in early 2023.

3.4 Any PPE demand increases that occur during the rest of this financial year as a result of possible COVID-19 variants of concern, were factored into plans and procurements to the end of March 2023. The amount of stock that needs to be readily available in the event of a new pandemic or variant of concern beyond this period is currently being considered.

4: PAC conclusion: The Department has regularly failed to follow public spending rules and across the Departmental Group there is a track record of failing to comply with the requirements of Managing Public Money.

4: PAC recommendation: The Department should write to us by October 2022 setting out the systems and processes it has established as part of its 'financial reset' to ensure the regularity of expenditure and compliance with spending controls across the Departmental Group going forward.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department wrote to the Committee on 10 November 2022 setting out the systems and processes established as part of the financial reset programme.

6: PAC conclusion: There have been inappropriate unauthorised payoffs made to staff by health bodies, and the planned large-scale NHS restructuring increases the risk of this happening again.

6: PAC recommendation: The Department should write to us alongside its Treasury Minute response setting out how it will monitor and control the approval of all redundancy payments made by entities within the Departmental Group to ensure such payments are properly authorised in advance and are not irregular.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department wrote to the Committee on 4 August 2022 setting out the processes implemented to monitor and control the approval of exit payments.

7: PAC conclusion: With 23 days to go until the financial year end the UK Health Security Agency did not have an agreed budget for the new financial year.

7: PAC recommendation: The Department should not get into this position again and should write to the Committee to set out what steps it has put in place to ensure that all organisations it sponsors have a budget in place to allow sufficient time for financial planning for the year ahead.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 The department wrote to the Committee on 4 August 2022 setting out the steps implemented to ensure the Department's Financial Planning and Budgeting process allows its Arm's Length Bodies sufficient time to plan for the year ahead.

8: PAC conclusion: There is no clear plan as to how the Department will bring forward the publication date of its annual report and accounts.

8: PAC recommendation: The Department should develop a detailed and realistic plan for bringing forward the preparation and publication of its annual report and to improve timeliness of its accountability for the use of taxpayers' money.

8.1 The government agrees with the Committee's recommendation

Target implementation date: December 2023

8.2 The department has a plan to bring forward its accounts preparation process to allow pre-recess laying of the Annual Report and Accounts (ARA). This has been communicated to national and local auditors.

8.3 The department will not be able to support pre-recess laying of the ARA for 2022-23 due to the significant accounting complexities associated with International Financial Reporting Standard 16 – Leases, the residual impact of the delays to laying prior year accounts due to the pandemic and the impact of the Health and Care Act 2022.

8.4 The department is working to return to pre-recess laying of the ARA from 2023-24 onwards and is working with the NAO to enable this. However, this ambition is dependent upon the capacity of the national and local audit markets. Significant work is underway, in conjunction with the Department for Levelling Up and Communities and others, to relieve the current pressures in the local audit market and further work will be required in the coming months to establish whether it is possible for a group with such reliance on this market to return to pre-recess laying in 2023-24.

Seventh Report of Session 2022–23

Ministry of Defence

Armoured Vehicles: the Ajax programme

Introduction from the Committee

Ajax is an armoured fighting vehicle which should provide the Army with its first fully digitised platform. It will be based on new technologically advanced sensors and communication systems which should transform the Army's surveillance and reconnaissance capability. The vehicles form an integral part of the Ministry of Defence's (the Department's) vision for digital integration across land, air and sea domains, allowing real-time information-sharing and connectivity with other capabilities, such as Lightning II jets.

Ajax represents the biggest single order for a UK armoured vehicle in more than 20 years. The programme began in 2010, and the Department has a £5.5 billion firm-priced contract with General Dynamics Land Systems UK for the design, manufacture, and initial in-service support of 589 vehicles. The programme is supposed to deliver six types of vehicle which will perform different roles. By December 2021, the Department had paid General Dynamics £3.2 billion, and General Dynamics had designed the vehicles, built 324 hulls and assembled and tested 143 vehicles. The Department had received 26 Ajax vehicles, together with training systems and some logistics support and spares. In 2014, the Department extended its expected in-service date by three years to July 2020, and the programme subsequently missed a revised target date of June 2021. In 2021, the Department acknowledged publicly concerns about excessive levels of noise and vibration on the Ajax vehicles. These issues remain unresolved, and the Department does not know when Ajax will enter service.

Relevant reports

- NAO report: The Ajax Programme – Session 2021-22 (HC 1142)
- PAC report: Armoured Vehicles: Ajax Programme – Session 2022-23 (HC 259)
- HS & EP Ajax Noise and Vibration Review (The King Review) – December 2021
- Ajax Update - Hansard - UK Parliament Volume 714 - 19 May 2022
- The Ajax Lessons Learned Review – Lead appointed – 23 May 2022
- Treasury Minutes - August 2022 (CP 708)
- Treasury Minutes Progress Report - June 2022 (CP 691)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 691 above), the remaining recommendations are updated below.

1: PAC conclusion: The Department is failing to deliver the enhanced armoured vehicles capability that the Army needs to better protect the nation and meet its NATO commitments.

1: PAC recommendation: The Department must assess the longer-term implications of delays for the Army's transformation programme and investigate alternative options to Ajax now so that it can act quickly if the contract with General Dynamics collapses. We will expect an update on this when we next take evidence from the Department and answers by December 2022.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2022

1.2 The Ministry of Defence, (the department) continues to focus on delivering Ajax to meet the needs of the Army and tackling the problems the programme faces. The department will update the Committee by the end of 2022.

2: PAC conclusion: The Department has once again made fundamental mistakes in its planning and management of a major equipment programme.

2: PAC recommendation: Once the Ajax Lessons Learned Review has reported, the Department should write to the Committee setting out how it will incorporate the recommendations into its future management of equipment programmes – considering the findings and recommendations of our and the NAO's reports – to prevent this familiar list of mistakes being repeated yet again.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

2.2 Clive Sheldon KC is leading the independent Ajax Lessons Learned Review. In accordance with his terms of reference, he advised the department in June 2022 that he estimated it would take him a further six months to finish gathering information and draft his report. The department intends to publish the report as soon as possible after it is finalised and will consider the recommendations alongside the implementation of other Ajax and wider programme management improvements.

3: PAC conclusion: The failure to escalate and address noise and vibration issues in a timely manner shows that the Department must simplify its over-complex safety processes and change behaviours.

3: PAC recommendation: The Department should set out the changes to its safety processes that it is making in response to the King Report and how it is monitoring the effectiveness of these initiatives. This should include the steps it is taking to improve openness and communication, including the use of the new web-based application. The Department should provide us with an update on progress when we next take evidence.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2022

3.2 The department has accepted all the recommendations in the King Report relating to safety and armoured vehicle procurement and continues to progress implementation.

4: PAC conclusion: Nearly two years after identifying injuries to soldiers, the Department still does not know how to fix the noise and vibration problems.

4: PAC recommendation: As a matter of the utmost urgency, the Department must establish whether noise and vibration issues can be addressed by modifications or whether they require a fundamental redesign of the vehicle. If the latter, the Department must decide whether the right course is to proceed with General Dynamics or if it should opt for an alternative. We will expect an update on this when we next take evidence and an answer by December 2022.

4.1 The government agrees with the Committee’s recommendation.

Target implementation date: December 2022

4.2 The department continues its work with General Dynamics to understand and address the noise and vibration issues on the Ajax vehicle. The User trials that resumed on 10 October, have now concluded and their results are being analysed. Initial indications are positive. The primary purpose of these trials is to validate the effectiveness of the modifications proposed by General Dynamics in addressing the noise and vibration problems and to allow the department to deliver a safe system of work under which Reliability Growth Trials can be conducted.

5: PAC conclusion: We are doubtful that the Department can recover the programme within existing costs and commercial arrangements.

5: PAC recommendation: Whether or not the Department concludes that it should continue with the current Ajax contract, it must review its commercial arrangements to ensure these are appropriate to incentivise its prime contractor to deliver the programme and agree a recovery plan.

5.1 The government agrees with the Committee’s recommendation.

Target implementation date: December 2022

5.2 The department continues to pursue and protect its contractual and commercial rights under the contract with General Dynamics as it strives to deliver a value for money outcome for the agreed price of £5.5 billion. This will include appropriate mechanisms to ensure General Dynamics are incentivised to deliver the contracted solution as early as possible.

6: PAC conclusion: The Department’s plans for using Ajax are at risk because of uncertainty about what constitutes full operating capability, when this will be achieved and how Ajax vehicles will be enhanced in the future

6: PAC recommendation: Once the Department has reached agreement on solutions to the noise and vibration problems, it must agree a revised schedule and critical path for initial operating capability and full operating capability, covering all enabling programmes. This should include clear definitions of what will be delivered at each stage, without reducing requirements just to achieve these milestones.

6.1 The government agrees with the Committee’s recommendation.

Target implementation date: December 2022

6.2 The department continues to understand and address the noise and vibration issues on the Ajax vehicle and accepts the need to establish realistic dates for initial and full operating capability as quickly as feasibly possible once a suitable technical solution to the noise and vibrations issues has been identified.

Eighth Report of Session 2022-23

Department for Education

Financial sustainability of the higher education sector in England

Introduction from the Committee

Universities and other higher education providers are autonomous institutions with a high degree of financial as well as academic independence. They are free to conduct commercial activities in addition to teaching and research. For a provider to access government funding for research or teaching, however, or for its students to receive government tuition fee and maintenance loans, it must be registered by the Office for Students (the OfS), the sector regulator. The Department for Education (the Department) is responsible for setting higher education policy and for the overall regulatory framework for the sector and sponsors the OfS. In July 2021, there were 254 higher education providers in England registered with the OfS, excluding further education and sixth-form colleges, educating an estimated 2.3 million students. Of these, 1.8 million were from the UK, and 1.6 million were undergraduates. The total income of higher education providers in 2019/20 was £36.1 billion, 36% of which came from public sources.

Relevant reports

- NAO report: Regulating the financial sustainability of higher education providers in England – Session 2021-22 (HC 1141)
- PAC report: Financial sustainability of the higher education sector in England – Session 2022-23 (HC 257)
- Treasury minutes: August 2022 (CP 708)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 708) the remaining recommendations are updated below.

2: PAC conclusion: Despite a background of deteriorating financial health of an increasing number of providers, the Department is not effectively holding the OfS to account.

2: PAC recommendation: Working with the OfS, the Department should establish a complete set of robust, published performance measures and targets, including structured feedback from providers, and use these to hold the OfS to account for its effectiveness.

2.1 The government agrees with the Committee's recommendation.

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

2.2 The Office for Students (OfS) is in the process of concluding the review of its key performance measures. By November 2022 it published nine updated key performance measures as well as its more detailed operational measures. The remaining two key performance measures, on success and progression, and student protection will be published by March 2023.

2.3 These revised measures will ensure alignment with the OfS's strategy for 2022-2025 and the strategic priorities of the Secretary of State for Education, as well as providing strengthened performance reporting for the departmental Board.

2.4 In addition, the Department for Education (the department) is working with the OfS to agree an aligned suite of internal performance measures which will help the department to hold the OfS to account better.

2.5 The OfS already consults the sector on its activity, including regular meetings with sector bodies, organising events for the sector and participating in their events, as well as engaging them through round tables and training sessions on regulatory issues. In response to the sector, the OfS has improved its regular communications with providers through regular mailings, pulling together information and resources, an approach welcomed by sector bodies.

2.6 The OfS has undertaken qualitative research with a wide range of providers to collate and assess the impact and understanding of its communication and interactions with individual universities and colleges. In all these interactions, the OfS aims to work in the interests of students whilst taking a risk based, proportionate approach. A report is expected to be completed before the end of December 2022.

3: PAC conclusion: Protection for student, in the event of providers facing financial distress, are not strong enough.

3: PAC recommendation: The OfS should prioritise ensuring that all providers' published student protection plans are fit for purpose and sufficiently clear for students to make confident, well-informed decisions about the protections universities are promising them.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2023

3.2 The OfS's focus has been ensuring that protections are as robust as possible in those providers which might face financial distress. This reflects the OfS's risk-based approach by ensuring that regulatory action is proportionate and targeted where it is most needed, while also ensuring there is not unnecessary burden on providers with robust financial health. For this reason, the OfS introduced a new ongoing registration condition on 1 April 2021: (Registration condition C4 of the regulatory framework for higher education in England). This substantially strengthened its ability to ensure the rigour of a provider's plans to protect students against the risk of the provider ceasing to deliver higher education.

3.3 Registration condition C4 means that where the OfS reasonably considers that there is a material risk of such a market exit, it can put in place a Student Protection Direction, with which the provider must comply, setting out detailed and rigorous planning and measures to protect its student body. These go far beyond what would be covered in a student protection plan.

3.4 The OfS also intends to begin discussions with the sector about its regulatory approach to protecting the interests of students, with a view to updating and revising the requirements where appropriate.

5: PAC conclusion: Student satisfaction with the value for money of their courses is at a worryingly low level.

5: PAC recommendation: The Department and the OfS should set out what action the OfS is taking to improve students' satisfaction with value for money, including the OfS's assessment of the impact of hybrid teaching on students' experience and what progress has been made in addressing the causes of dissatisfaction.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Both the department and the OfS are committed to improving the quality of higher education provision. Ensuring that students are satisfied with the value for money offered by their courses is a government priority.

5.3 The OfS has introduced an enhanced quality regulatory regime which will enable it, through robust investigation and enforcement action, to tackle the pockets of low-quality provision. This has included the introduction on 3 October 2022 of a revised registration condition on student outcomes, covering detailed student outcome thresholds, by level and mode of study, covering continuation and completion rates and progression to managerial and professional employment or further study. In May 2022 the OfS also introduced new registration conditions covering students' academic experience including course design and delivery, the provision of resources and support for students, reliable and effective course assessment and degree awards, and the use of sector-recognised standards.

5.4 The OfS has also published its revised key performance measure information on value for money, including measures on student survey information (KPM 9) in September 2022 and on the use of student outcomes data in November 2022.

5.5 The OfS review of blended learning, which is supported by a panel of expert academic reviewers, sets out where approaches represent high quality teaching and learning, as well as approaches that are likely to fall short of OfS's requirements. The review reported on 19 October 2022. The OfS also recently announced investigations into the business and management courses of eight providers, which will include examining whether online learning has replaced face-to-face teaching to the detriment of students' academic experience.

6: PAC conclusion: The Department failed to adequately assess the current and future financial impacts on providers of disruption to A-level assessments.

6.: PAC recommendation: Learning from the disruption to the higher education market during the COVID-19 pandemic, the Department and the OfS should model and review the financial impacts on providers of changes to the number and profile of domestic students over the short, medium and longer terms.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department has undertaken careful monitoring of applications and providers' offer-making in the 2022 admissions cycle. Ahead of the 2022 cycle, the department engaged extensively with key higher education stakeholders, including undertaking scenario planning around the interaction between A-level grades and higher education capacity. Planning early in the cycle and building resilience into offer-making strategies is a vital part of contingency planning for higher education providers. The department has encouraged providers to be thoughtful when setting offer requirements and to consider any additional measures which would allow them to plan as effectively as possible, communicating openly with students in the process.

6.3 The impact of changes in student recruitment on the finances of higher education providers is a key feature of the OfS's regular monitoring of provider financial sustainability. It closely monitors the data from the University and Colleges Admissions Service (UCAS), along with other information, through the recruitment cycle. It has now been able to review the UCAS "day 28" data, published on 22 September 2022, which provides the core data on the 2022 admission cycle. The OfS models the potential implications on income to guide its understanding of the capacity of providers to manage such change in the short term.

6.4 The OfS, the department and other interested government departments meet regularly to discuss risk factors and trends related to the medium- and long-term financial sustainability of the higher education sector. Additional data sharing, analysis and scenario planning is undertaken as appropriate.

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
December 2022	Session 2013-14: updates on 1 PAC report Session 2017-19: updates on 16 PAC reports Session 2019-21: updates on 14 PAC reports Session 2021-22: updates on 38 PAC reports Session 2022-23: updates on 8 PAC reports	CP 765
June 2022	Session 2013-14: updates on 1 PAC report 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 report Session 2016-17: updates on 3 PAC reports Session 2017-19: updates on 33 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 47 reports Session 2021-22: updates on 5 reports	CP 549
May 2021	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 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

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