HM Treasury

Treasury Minutes

Government Response to the Committee of Public Accounts on the Seventy-second to the Seventy-ninth reports from Session 2022-23

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January 2024

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

January 2024

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Government response to the Committee of Public Accounts Session 2022-23

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Seventy-second report of Session 2022-23

Department for Energy Security and Net Zero

Update on the rollout of smart meters

Introduction from the Committee

Unlike traditional meters, which register a running total of energy used, smart meters can record half-hourly price and consumption data, and provide data on energy demand and automatic meter readings to energy suppliers. When linked to in-home displays, smart meters also provide consumers with real-time information that helps them to monitor and reduce consumption and costs.

The Department for Energy Security and Net Zero (the Department), and its predecessor Departments have led the Smart Metering Implementation Programme (the Programme) since 2008. Smart meters are installed by energy suppliers who are regulated by Ofgem. In 2011, government set out a vision for every home and small business in Great Britain to have smart meters and set an intention to complete the rollout in 2019. Government recently consulted with suppliers and other industry stakeholders on its proposal for 2024 and 2025, and now has new targets for suppliers to install smart meters in at least 74.5% of homes and nearly 69% of small businesses by the end of 2025. In 2019, the Department estimated the rollout would cost £13.5 billion from 2013 to 2034 and provide £19.5 billion of benefits over the same period (both in 2011 prices). The rollout of smart meters is mostly funded by suppliers, which pass on some or all their costs to energy consumers.

Based on a report by the National Audit Office, the Committee took evidence on 23 June 2023 from the Department for Energy Security and Net Zero. The Committee published its report on 20 October 2023. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Update on the rollout of smart meters Session 2022-23 (HC 1374)
- PAC report: Update on the rollout of smart meters Session 2022-23 (HC 1332)

Government response to the Committee

1. PAC conclusion: Progress rolling out smart meters is too slow and the Department has not done enough to ensure consumers are convinced of their benefits.

1. PAC recommendation: The Department should work with Smart Energy GB to review its public engagement strategy to ensure it drives demand for the rest of the Programme, including by clearly setting out how smart meters can benefit consumers.

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

Recommendation implemented

1.2 The Department for Energy Security and Net Zero (DESNZ or the department) has set Smart Energy GB clear statutory objectives to build consumer demand and acceptance for smart metering and encourage behaviour change. As an Observer to Smart Energy GB's board, the department works closely with Smart Energy GB, who continuously evolve their campaign strategy in response to findings from their extensive consumer research (as well as the evolving context of the energy market) so that messaging is tailored to different consumer segmentations. Smart Energy GB work collaboratively with energy suppliers and other stakeholders to help consumers understand the benefits of smart meters and have a specific focus on supporting consumers in vulnerable circumstances.

1.3 Smart Energy GB operate a test and learn approach, so campaigns continually improve. Their campaigns are multi-channel and use a bespoke segmentation model, alongside sophisticated market insights, to target impactful messaging in a cost-effective way. Industry-verified statistical analysis shows that more than 50% of smart meter installations are attributable to Smart Energy GB's activities. This evidence provides assurance that the existing arrangements to evolving and delivering Smart Energy GB's public engagement strategy continue to effectively drive demand for smart meters.

1.4 Alongside national and local campaigning from Smart Energy GB, the department expects energy suppliers to invest in and continually evolve their approaches to converting consumer demand into successful installations. Important to this will be their development of innovative incentives to encourage take-up, including by creating attractive new smart-meter-enabled products and services.

2. PAC conclusion: We are concerned that smart meters are not achieving the consumer benefits they are supposed to and are benefitting certain, often wealthier, consumers more than others.

2. PAC recommendation: The Department should:

- ***update its evidence base on the benefits consumers are actually receiving; and***
- ***carry out further assessment of how to maximise the benefits of the smart meter network for all consumers, particularly those groups currently less likely to have them to encourage them to apply for one.***

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

Target implementation date: February 2025

2.2 The department has an ongoing programme of benefits data collection, monitoring, and evaluation which includes recent published evidence on energy savings and consumer benefits. Further substantive evaluation research to complement this is currently in development.

2.3 An independent evaluation of evidence on energy savings for households resulting from smart meters carried out by the Department's Behavioural Insights Team was published in Summer 2023. This identified savings of 3.4% for electricity consumption and 3.0% for gas, in line with the programme's assumptions of 3.0% and 2.2% for credit consumers. Wider consumer benefits were explored in recent published evaluation which focussed on consumers who may experience barriers in the energy market (e.g., those on lower incomes). A range of additional benefits were identified, such as the ability to top up and access balance information remotely offered by smart pre-payment meters.

2.4 This evidence was collected as part of an ongoing programme of data collection and monitoring capturing benefits across the roll-out, including energy consumption reductions, credit and pre-payment consumer experience, demand side response and flexibility and savings accruing to industry.

2.5 To supplement the department's existing evidence base, DESNZ is in the process of designing a new phase of programme wide evaluation which will capture evidence on existing benefits in addition to potential further benefits resulting from innovation enabled by smart metering. Work to provide additional sources of evidence on energy savings is also underway, including testing the potential of the Department's National Energy Efficiency Data framework (NEED) to provide estimates of impacts.

3. PAC conclusion: The Department has limited understanding of why smart meter coverage is lower in some areas — particularly London, rural and remote areas — compared to others.

3. PAC recommendation: The Department should set out in its Treasury Minute response how it will:

a) increase its understanding of the reasons for variation in geographic coverage, and what it is doing to increase smart meter uptake in those areas that are lagging behind;

b) set out how those households who are unable to install smart meters will be supported.

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

Recommendation implemented

3.2 The department proactively identified geographic distribution of the rollout as an area for further monitoring; collected and published data alongside the official statistics produced ahead of the original NAO report. This provided greater insight into areas where additional focus may be beneficial. The department will continue to share updated information on geographic progress annually through its official statistics publication covering meters installed and operating at the end of Quarter 1(end of March) of each year. The next publication is expected in May 2024.

3.3 The department has instigated local activities across domestic and non-domestic smart metering rollout, including working with suppliers and local authorities to improve the end-to-end appointment and installation process in local areas. This includes increasing our understanding and tackling of geographically-specific challenges and opportunities – including ensuring sufficient local installation capacity, solutions to parking constraints in local areas etc.

3.4 The deployment of dual band communications hubs and Alternative Home Area Network equipment addresses communications issues between smart metering equipment within premises and following successful trials this summer are now being rolled out at scale. Other technologies currently in development (for example, solutions that use consumer broadband) will improve effective coverage to premises and continue to increase the availability of smart meters to households and small businesses beyond the networks current 99.3% coverage. In addition, variant meters (for example those with ability to switch loads or support three phase supply) are being deployed to premises that require them. Industry is also working on solutions for installing smart meters where there may be insufficient space (for example, crowded meter rooms and cupboards).

4. PAC conclusion: Ofgem risks neglecting the importance of consumer engagement and behaviour change by focusing on penalising suppliers for missing targets.

4. PAC recommendation: Ofgem should consider how its approach to regulating suppliers, on both the rollout and in relation to net zero more widely, takes account of the need for suppliers to engage their customers to promote behaviour change.

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

Recommendation implemented

4.2 For instances of possible non-compliance with targets, the Office of Gas and Electricity Markets (Ofgem) will gather information from a variety of sources, some of which is provided directly and some of which is requested via informal and formal processes in line with its Enforcement Guidelines. This includes consideration of consumer detriment, the priority of the issue and, in line with Ofgem's new duties, the impact on Net Zero obligations before proceeding. Ofgem intends to continue this considered approach into the future and always look for ways to make this process more comprehensive and robust.

4.3 The department considers that energy suppliers need to engage their customers effectively to convert demand for smart metering efficiently into successfully completed installations. They should be continually adjusting and trialling approaches in response to evolving consumer attitudes, as well as events and emerging opportunities. Those energy suppliers that are doing this more effectively are performing better against their minimum installation targets. In addition, when setting minimum annual installation targets, the department took account of levels of consumer demand over time as smart meter penetration increases. Therefore, a lack of progress in this area can reasonably be taken into account by Ofgem when considering enforcement against energy supplier performance.

5. PAC conclusion: Too many smart meters are not fully functioning and millions more will be impacted when the 2G and 3G mobile communication networks close.

5a. PAC recommendation: The Department and Ofgem should set out:

- ***what they will do to ensure suppliers assign more importance than at present to replacing those smart meters (and their in-home displays) not functioning properly;***

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

Target implementation date: April 2024

5.2 The department agrees that energy suppliers should have the right resources and analytical insights in place to both monitor and maintain the 'health' of their metering estate. To provide support to this activity, the department has developed and continues to revise good practice, and tracks energy supplier performance. The department's ongoing work to drive down the number of non-operating meters has shown that those suppliers that have the right resources in place can do this effectively and successfully, with non-operating meter numbers reducing for the last 12 months.

5.3 Through licence conditions, the government requires energy suppliers to take all reasonable steps to operate smart meters in smart mode. Ofgem is responsible for regulating energy suppliers against its licence conditions requirements and in its April 2023 Open Letter, Ofgem was clear that it expects energy suppliers to be proactive in identifying and remedying non-operational smart meters and to have systems and processes in place to facilitate this.

5.4 Energy suppliers are required to maintain In Home Displays (IHD) within the first twelve months following installation and fix or replace any device which is found to be faulty. Working with industry, the department has developed and is working to seek agreement to voluntary good practice principles towards IHD provision to ensure a more consistent and positive experience beyond this twelve-month period and has not ruled out further regulation if necessary.

5b. PAC recommendation: The Department and Ofgem should set out:

- ***a timetable for replacing the communication hub element of smart meters that will lose functionality when the 2G and 3G mobile networks are switched off;***

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

Target implementation date: January 2026

5.6 Suppliers have an obligation (Standard Licence Condition 49.4 in electricity Licence and Gas equivalent) to ensure that they take pre-emptive steps to prevent loss of connection in the event of, for example, the 2G/3G switch off. There is a clear backstop in place for this activity by the end of 2033 as a result of the 2021 announcement by the Mobile Network Operators in the UK that they do not intend to offer 2G and 3G mobile networks past this point.

5.7 Energy suppliers therefore have a clear responsibility to protect their consumers and act to prevent a loss of smart services. Energy suppliers would also argue that this is aligned to their own commercial interests, not least in avoiding increased customer contacts and the lower cost to serve which a smart metering network enables, as well as supporting business offerings such as time of use tariffs.

5.8 The government is already undertaking steps to facilitate and support suppliers in developing plans to execute the replacement programme in a cost efficient and timely way, including:

- orchestrating communication hub financing where a 4G asset replacement only is required;
- collating and sharing with industry regular information on the maturity of suppliers evolving plans for 4G deployment including on field force and consumer engagement; and
- working with the Data Communications Company (DCC) on supporting timely availability of quality 4G communication hubs.

By 2026, this activity will culminate in suppliers detailed plans on how they will meet the 2033 backstop.

5c. PAC recommendation: The Department and Ofgem should set out:

- ***measures to ensure that suppliers use future-proofed technology – for example, by excluding 2G or 3G connectivity – in all new smart meter installations.***

5.9 The government disagrees with the Committee's recommendation**.**

5.10 Excluding 2G or 3G connectivity from new installations would mean pausing the rollout until 4G communications hubs are ready for deployment at scale. This would drive up the costs of the rollout, reduce benefits and prevent access to services and tariffs that help households and small businesses save money. Industry is actively developing 4G communications hub technology so it can be tested and deployed at the earliest opportunity.

6. PAC conclusion: The smart meters programme has been going for more than a decade and it is not clear how the Department takes important decisions relating to its future, including how it will decide when to bring the Programme to a close.

6. PAC recommendation: The Department should:

- ***report programme costs and benefits to Parliament on an annual basis, alongside progress of critical success factors; and***
- ***set out how it is using this information to inform decisions on the future of the rollout, including when it will bring it to a close.***

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

Target implementation date: Summer 2024

6.2 The National Audit Office (NAO) identified the comprehensive approach in place to monitor and act on any changes to costs and benefits of the smart metering rollout. The programme's 2019 cost benefit analysis is a comprehensive assessment of the costs and benefits associated with the rollout of smart metering across GB. The department agrees with the recommendation to share this cost and benefit information with Parliament on an annual basis to provide additional visibility of progress in critical cost and benefit areas for the rollout.

6.3 All key costs and benefits are scrutinised regularly and used to inform the department's annual business planning, as well as planning for the enduring operating state of the programme. The Department has determined that it will be able to bring the programme to a close when the major risks have been managed, critical programme activities have transferred to their enduring operating state, and DESNZ is confident that the benefits will be successfully delivered. The plans for this transition will be shared with the Committee when they have matured, as previously agreed.

Seventy-third report of Session 2022-23

Department of Health and Social Care

Access to urgent and emergency care

Introduction from the Committee

People who need unplanned or urgent care can access several different NHS services depending on the severity of their issue. These services include access to general practice; community pharmacy; 111 calls; 999 calls; ambulance services; urgent treatment centres; and accident and emergency (A&E) departments. These services have been under increasing pressure in recent years, particularly since the start of the COVID-19 pandemic. General practices have seen record levels of attendance, and December 2022 saw the highest number of recorded A&E attendances. Bed occupancy levels were similarly at record levels in the final quarter of 2022–23. In 2021–22 there were close to half a billion patient interactions across these key services. The total estimated annual cost of these services is some £21.5 billion a year.

In January 2023, the government and NHS England published a two-year delivery plan to reduce waiting times and improve patients' experiences of urgent and emergency care services. It is too soon to assess whether this plan is working, but the first indication will be how well the NHS copes with winter 2023–24 pressures on services. In June 2023, NHS England also published a long term workforce plan for the NHS, setting out projections of staff requirements for the following 15 years and how it intends to address these.

Based on a report by the National Audit Office, the Committee took evidence on 3rd July 2023 from the Department of Health and Social Care and NHS England. The Committee published its report on 25th October 2023. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Access to Unplanned or Urgent care – Session 2022-23 (HC 1511)
- PAC report: Access to Urgent and Emergency Care – Session 2022-23 (HC 1336)

Government response to the Committee

1. PAC conclusion: The NHS has more money and staff than ever before but has made poor use of it to improve access for patients when they are in urgent need.

1a. PAC recommendation: NHS England should write to the Committee within six months to set out its understanding of the causes for the fall in NHS productivity after COVID-19 and how it will address them, including how it intends to reduce staff absences.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2024

1.2 Despite challenges arising from industrial actions and winter pressures, the NHS is making progress to recover the lost productivity as result of the COVID-19 pandemic. The latest analysis by the Office for National Statistics, the UK's official statistical body, indicate that this fall may have been entirely recovered, with growth in 2021 of between 22.2% and 30.9%. Part of the challenge the NHS has faced is that patients being treated are now more complex than pre-COVID. The higher than pre-COVID level of sickness absence level is another of the factors, affecting workforce productivity in recent years, although the trend is now declining. The current measurement of productivity also does not fully capture the full range of activities and innovations the sector is delivering, such as expansions of out of hospital care, and is currently being reviewed.

1.3 However, there will always be more opportunity to improve, which is why a key component of the recovery plans for Urgent and Emergency Care and Primary Care and the NHS Long Term Workforce Plan is improving elements of productivity, including reducing staff absences and improving processes.

1.4 Demand for health services is linked both to the number of people the health service is looking after and to the age of the population. As people get older, they develop more long-term medical conditions and need more health care. Independent analysis shows that funding growth adjusted for inflation has been 1-2% in real teams, which is below all estimates of the level required to maintain or improve performance.

1.5 NHS England has encouraged providers to achieve even better performance over the second half of 2023 and launched an incentive scheme for those providers with a Type 1 A&E department to overachieve on their planned performance in return for receiving a share of a £150 million capital fund in 2024-25.

1.6 NHS England will elaborate on the understanding of the factors impacting productivity and plans to address these in its letter to the Committee. .

1b. PAC recommendation: The letter should also set out how it plans to better capture and manage patient flows across the whole system and, confirmation of what, if any, costed and budgets plans it has for investment in technology and infrastructure improvements in this area.

1.7 The government agrees with the Committee's recommendation.

Target implementation date: April 2024

1.8 One of the key ambitions of the Urgent and Emergency Care recovery plan is improving patient flow through hospitals, with plans to boost capacity with 5,000 extra core General and Acute beds. In addition to this, NHS England is working with systems to support implementation of digital tools that support decision making in near real time, including the development of System Control Centres (SCCs) and the use of electronic bed-management systems both in hospitals and across other health and care settings. NHS England will also continue to develop and roll out the A&E Admissions Forecasting Tool.

1.9 NHS England is supporting trusts with delivery plans to ensure solutions are in place to benefit all organisations. Within the recovery plan, NHS England has worked with systems to agree plans on bed capacity, Virtual Ward capacity (already reaching the 10,000-bed capacity ambition), Same Day Emergency Care standardisation as well as specific growth in paramedic numbers.

1.10 NHS England will provide a full response and elaborate on the understanding of the factors impacting productivity and its plans to address these in its letter to the Committee.

2. PAC conclusion: NHS England's improvement plans rely on better staff recruitment and retention to address significant shortfalls in the NHS workforce, but we are not convinced that NHS England's current approach will achieve its very optimistic assumptions.

2. PAC recommendation: NHS England should write to the Committee within six months to provide an update on progress with reducing staff shortfalls and improving retention rates. This update should include details of action it has taken and an assessment of whether its original assumptions have proved accurate.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2024

2.2 NHS England has revised the scope of the retention programme, in response to the cost of living impacts and the need to maximise workforce capacity during the extremely challenging winter.

2.3 The Exemplar programme was launched in April 2022 and is based on the idea that by delivering the interventions aligned to the People Promise together in one place, at the same time, improved outcomes for staff, organisations and patients will be achieved, as well as optimum staff satisfaction and retention.

2.4 Exemplar organisations' leaver rates are improving faster than non-Exemplars. All staff leaver rate in Exemplars declined 0.6 percentage points (pp), from 8.9 to 8.3%, compared to 0.3pp in non-Exemplars (9.0 to 8.7%). Nursing leaver rate has declined 0.9pp, from 7.8 to 6.9%, whereas the non-Exemplar group has only decreased by 0.4pp (7.3 to 6.9%).

2.5 The NHS Long Term Workforce Plan considers the challenges facing the workforce over the next 15 years and sets out actions to address them. The collective impact of the Plan's proposals is projected to help reduce the overall leaver rate for NHS employed staff from 9.1% in 2022 to between 7.4% and 8.2% by 2037. This is equivalent to retaining 55,000–128,000 full-time members of staff.

3. PAC conclusion: The quality of patients' access to urgent and emergency care depends too much on where they live, particularly with wide variation in ambulance response times.

3. PAC recommendation: As part of its Treasury Minute response, NHS England should clearly set out the causes of variation in performance, and the specific initiatives it takes responsibility for to bring the worst-performing organisations closer to the standards being achieved by the best.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: February 2024

3.2 NHS England is working to tackle unwarranted variation in performance. Making improvements to Emergency Departments and ambulance performance requires working between secondary, primary, community and social care so the Urgent and Emergency Care (UEC) tiering support offer is taking place at system level to ensure a whole-system approach.

3.3 The UEC recovery plan aims to improve and standardise processes to reduce unwarranted variation in the in-hospital UEC pathway. Specifically, NHS England is working with systems to improve their UEC performance through standardising service in the first 72 hours of care, increasing direct referrals to specialist care and Same Day Emergency Care (SDEC,) including paediatric SDEC, with focus on equitable access and consistency of delivery.

3.4 NHS England's approach will focus on providing maximum support to the most challenged systems, bringing in national experts, NHS England's Emergency Care

Improvement Team and a range of supporters from best practice organisations. A bespoke offer is provided to each system, helping them align their plans to ensure delivery of local UEC recovery. There has been significant improvement in emergency performance over 2023-24 compared to last year, and there is already evidence of these improvements in emergency performance being fastest in some of the most challenged.

3.5 NHS England will write to the Committee in February 2024 setting out the underlying causes of variation in performance as more information will be available at this time.

4. PAC conclusion: Not enough is being done to tackle delayed discharges, which cause inefficiencies both within hospitals and more widely across the care system.

4. PAC recommendation: As part of its Treasury Minute response, the Department should set out what it is doing to address delayed discharges caused by constraints within hospitals, problems in NHS community services, and shortfalls in social care.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The Department of Health and Social Care is investing an additional £1.6 billion over 2023-24 and 2024-25, on top of the extra £500 million invested in 2022-23, to enable the NHS and local authorities to commission a greater range of services for people who need short-term packages of care and support for rehabilitation, reablement and recovery and to prevent avoidable delays to hospital discharge.

4.3 The Urgent and Emergency Care recovery plan, published in January 2023, sets out a wide programme of measures to tackle delayed discharges from hospital and community settings and improve outcomes for patients. In addition to increased discharge funding, this includes action to improve discharge processes; introduce care transfer hubs in all areas of the country to streamline and improve management of discharges for patients with more complex health and/or social care needs; improve models of rehabilitation and reablement; increase adult social care capacity; provide a more integrated approach to supporting improvements in discharge across health and social care; and improve the use of data and metrics to drive improvements in discharge.

5. PAC conclusion: Given long-standing declines in performance, we are not convinced the Department has sufficiently held NHS England to account for meeting targets and improving urgent and emergency care.

5. PAC recommendation: The Department must improve how effectively it holds NHS England to account for performance against targets for access to urgent and emergency care. It should clearly articulate the respective roles of the Department and NHS England and set out the key steps the Department takes when its monitoring highlights underperformance.

5.1 The government disagrees with the Committee's recommendation.

5.2 While the department approaches all its work in a spirit of continuous improvement, the government nonetheless disagrees with the Committee's recommendation. Parliament has itself articulated the respective roles of the Secretary of State and NHS England in the NHS Act 2006 as subsequently amended (most recently by the Health and Care Act 2022).

5.3 The department maintains effective oversight of NHS England, including over urgent and emergency care and the actions being taken to address the impact of the pandemic and long-term sectoral challenges under the Delivery Plan for recovering urgent and emergency care services.

5.4 The Secretary of State for Health and Social Care is accountable to parliament and the public for health and care and sets objectives NHS England must seek to achieve through the mandate to NHS England, last published in June 2023. This is assessed annually, bringing together governance for performance against individual objectives in the mandate. The mandate for 2023-24 includes the achievement of urgent and emergency care recovery ambitions.

5.5 NHS England has responsibilities for the oversight and support of health service providers and intervening in the case of poor performance. The NHS Oversight Framework details the overall principles, responsibilities and ways of working for oversight, including the key metrics and factors NHS England will consider when determining support needs, and the circumstances in which it considers formal regulatory intervention may be necessary to address issues. NHS England has also implemented an urgent and emergency care tiering performance and improvement approach to support the delivery of recovery ambitions under the delivery plan, providing targeted support to challenged systems and ambulance trusts on performance issues.

5.6 The department maintains close oversight of NHS England's delivery of emergency care recovery ambitions, including through regular ministerial progress meetings, ongoing engagement with No10 and regular stocktakes led by the Prime Minister. This oversight is underpinned by clear metrics agreed in the Urgent and Emergency Care recovery plan. Headline commitments to improve ambulance and accident and emergency waiting times are closely monitored through official public statistics and a wide range of management information. This informs discussions with the NHS on how to work together to address underperformance.

6. PAC conclusion: The unfunded and uncosted NHS Long Term Workforce Plan risks building in unsustainable financial pressures.

6. PAC recommendation: As part of its Treasury Minute response, NHS England should provide an update to the Committee on the full cost of implementing its workforce plan over the next 15 years, including ongoing staff costs, training and recruitment costs, and the costs and underlying assumptions of necessary wider enablers such as technology and innovation, social care, and infrastructure.

6.1 The government disagrees with the Committee's recommendation.

6.2 In support of the NHS Long Term Workforce Plan, the government has committed £2.4 billion to fund education and training costs up to 2028-29. NHS England will submit its estimate to the government of the full cost of the NHS from 2025-26 onwards, which will include the financial implications of the NHS Long Term Workforce Plan, as part of the next Spending Review process. The outcome of the Spending Review process and what that expenditure covers will be published by HM Treasury in the usual manner.

Seventy-fourth report of Session 2022-23

Department for Energy Security and Net Zero, HM Treasury

Bulb Energy

Introduction from the Committee

Average annual household bills for gas and electricity have increased from £1,200 in winter 2021–22 to £3,300 in the spring of 2023. Partly because of the increase, between July 2021 and May 2022, 29 energy suppliers failed, affecting nearly four million households in the UK. This includes Bulb Energy Limited (Bulb), which announced that it could no longer continue trading in November 2021. With around 1.5 million customers, Bulb was the largest energy supplier to fail and was considered too large for a Supplier of Last Resort (SoLR). To protect customers, on 24 November 2021, Ofgem and the Department for Energy Security and Net Zero (the Department) placed Bulb in a Special Administration Regime (SAR). Three individuals from Teneo were appointed by the High Court to be the joint energy administrators (also known as special administrators) for Bulb.

The Department was responsible for funding and overseeing both the SAR and the sale process. Its aim was to sell Bulb and exit the SAR as quickly as possible. HM Treasury advised the Department on the SAR and provided budgetary cover. Ofgem was responsible for selecting the special administrator, monitoring Bulb during the SAR and assessing the sale transaction and the potential impact on customers. A sale process was launched in February 2022 and took 10 months to complete. On 20 December, Octopus Energy Limited (Octopus) paid £113 million to the government to purchase Bulb. The sale of Bulb to Octopus was completed via the Energy Transfer Scheme (ETS), which allowed Bulb's supply licence and certain business assets, rights, liabilities, and full customer book, to be transferred to Octopus without the usual contractual forms and permissions. As part of the sale deal with Octopus, government agreed to financially support Bulb by paying for Bulb's wholesale energy costs up to 31 March 2023, thereby allowing Bulb to accumulate sufficient capital necessary to pay for its wholesale energy costs from 1 April 2023. As a result of this support, the total estimated cost to the taxpayer for funding Bulb was £3.02 billion as of the end of January 2023.

The SAR will continue until Octopus has repaid the taxpayer funding and Bulb's outstanding costs and liabilities have been settled. On 25 May 2023, Teneo reported that the estimated amount Octopus would be due to repay to government was £2.8 billion. This is currently expected to be repaid by September 2024, but government and Octopus have agreed some conditions under which the repayment could be deferred to September 2025. Government does not expect to recover the full amount of taxpayer funding committed to Bulb and has indicated that it intends to recover the shortfall from energy consumers. The Department will calculate the final cost to the taxpayer when the SAR ends.

Based on a report by the National Audit Office, the Committee took evidence on 25 May 2023 from Ofgem; Octopus Energy; Teneo; the Department for Energy Security and Net Zero and HM Treasury. The Committee published its report on1 November 2023. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Investigation into Bulb Energy – Session 2022-23 (1202)
- PAC report: Seventy-Fourth Report - Bulb Energy – Session 2022-23 (HC 1232)
- PAC report: Fifty-eighth Report - Energy Bills Support – Session 2022-23 (HC 1074)

Government response to the Committee

1. Pac conclusion: We commend HM Treasury, the Department and Ofgem for taking action to help protect customers after energy suppliers failed but remain concerned that not all of those who need support are yet accessing it.

1a. PAC recommendation: Within six months, the Department should provide a review of the effectiveness of the range of support mechanisms that it has introduced and their impact on the energy market and customers and specifically look at the impact of the way energy companies supply businesses.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2025

1.2 The government stepped in last year in to protect households and businesses in response to the unprecedented wholesale energy price spike caused by the illegal invasion of Ukraine by Russia. Whilst some of the temporary energy bills support schemes that government introduced to deal with the extraordinary pressures have since concluded, this coincides with the substantial falls in energy prices. Comprehensive impact process and value-for-money evaluations are underway for the winter 2022-23 energy bills support schemes for UK households and organisations. The evaluations are expected to run until summer 2025 and the findings will be shared with the Committee when available and will be published.

1b. PAC recommendation: As we recommended in November 2022, the Department should continue to update the Committee on how it is ensuring that government interventions to support people and businesses with their energy bills are accessible by those most in need, including: vulnerable people; the remaining household customers who have yet to claim their energy vouchers; and businesses not included in the Energy and Trade Intensive Industries scheme.

1.3 The government agrees with the Committee's recommendation.

Recommendation implemented

1.4 Energy prices have fallen significantly throughout 2023. In the near term, the Energy Price Guarantee (EPG) is still in place should prices exceed £3,000 and will remain so until the end of March 2024. Additional cost-of-living payments, worth up to £900, are also in place supporting the most vulnerable households.

1.5 The Energy Bill Discount Scheme (EBDS) will continue to provide support to non-domestic customers who have a contract with a licensed energy supplier until 31 March 2024 and who are not receiving additional support via the Energy and Trade Intensive Industries scheme. The EBDS also provides a higher level of support for heat networks with domestic end consumers. This aims to ensure that customers on heat networks do not face disproportionately higher bills.

1.6 The department expects over three million households to receive a Warm Home Discount (WHD) rebate during the winter of 2023-24 and the government continues to explore options to make the WHD more flexible. Households who meet the eligibility criteria then receive a rebate. The official statistics for the 2022-23 scheme show that in the winter of 2022-23, 95% of recipient households received their rebates this way, with the remaining 5% receiving their rebate following a claim to the associated helpline.

2. PAC conclusion: Ofgem's failure to ensure that energy suppliers were financially resilient resulted in costs to energy consumers and taxpayers when these energy companies failed.

2. PAC recommendation: By the end of the year, Ofgem and the Department should write to the Committee, setting out the steps they are taking to promote healthy competition in the energy market while only granting licences to suppliers with the necessary financial resilience to survive challenging market conditions. It should also consider the market for business customers.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 As set out in the Energy Security Plan 2023, the government will deliver an energy retail market that works better for consumers, is more resilient and investable, and supports wider energy system transformation. This includes creating a market that is better prepared for future wholesale price volatility and better able to shield consumers from the costs of supplier failure. At the same time, a return to competition and profitability for well-run suppliers that offer value for consumers.

2.3 Since 2021 Ofgem has implemented a package of measures to strengthen the financial resilience of retail energy companies. These reforms will benefit consumers by ensuring a better balance of risks between supply licensees and consumers and, in doing so, reduce the likelihood and cost of widespread failures. A resilient, profitable, investable market is also essential for sustainable competition, where energy retailers have incentives to innovate in the pursuit of net zero and receive a reasonable profit as they drive up consumer service standards.

2.4 Ofgem has introduced:

- Enhanced licence application process and milestone assessments
- Rules to require licensees to have sufficient control of their assets to reduce costs for consumers in the event of insolvency.
- Enhanced monitoring of supplier finances including stress testing, a proactive reporting framework of Trigger Points, and Annual Adequacy Self-Assessments.
- Renewable Obligation receipts ringfencing
- Licence modifications to direct Customer Credit Balance ringfencing in certain circumstances
- Capital adequacy requirements, including a common minimum capital requirement, due to take effect from Q1 2025, with the Capital Floor, Target, and associated compliance framework.

2.5 Ofgem and the Department will continue to work closely to monitor the impact of these changes and identify the need for any further measures to improve the financial resilience of suppliers.

2.6 Ofgem is currently undertaking a *Non-Domestic Market Review* which includes the market conditions faced by business customers. Ofgem published their statutory consultation on 7 December in alignment with government's own consultation on expanding business access to redress. Both consultations will close at the end of January 2024 and Ofgem and DESNZ are in constant communication to ensure results are shared and acted upon in a timely manner

2.7 The department and Ofgem have provided the Committee with regular updates on this work, including via Treasury minutes.

3. PAC conclusion: We are concerned that substantive risks and uncertainties remain to the recovery of the £3.02 billion of taxpayer funds currently committed to the funding of Bulb Energy.

3a. PAC recommendation: Within 12 months, the Department should write to the Committee with details of what lessons it has learnt from the SAR and how it is using these to monitor and ensure the successful recovery of temporary taxpayer funding.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2024

3.2 A lesson learned activity on Bulb Special Administration Regime's (SAR's) initiation and operation was undertaken in early 2022, followed by one before summer recess 2023. This has helped shape ongoing preparations for any future SAR and enhanced the generic SAR planning products, the routine staff training and the DESNZ-Ofgem SAR Handbook (a tool which sets out how to establish a SAR and explains how an administration would operate). Lessons learned exercises will continue to take place throughout the lifecycle of the SAR, from initiation, operation and ultimately exit. Lessons from these exercises will be consolidated into the department's SAR contingency planning activity to ensure it can continue to respond effectively as market conditions evolve. This will obviously be dependent on the timings surrounding the completion and exit of the SAR.

3.3 The department will be completing a benefits analysis towards the conclusion of the SAR, to review how the objectives have been achieved and whether value has been achieved for customers and taxpayers alike.

3.4 The department continues to engage with the administrators of Bulb who provide regular reporting and progress updates as per the requirements of the Administration Funding Agreement. HM Government monitors and provides the appropriate level of scrutiny and oversight in ensuring the objectives of the SAR remain on track to be achieved such as delivery at the lowest possible cost and the successful full recovery of the Wholesale Adjustment Mechanism Agreement (WAMA) (a framework entered between the administrators and Octopus as part of the transaction) funding provided. However, the responsibility ultimately falls on the administrators as officers of the court, in ensuring the relevant parties fulfil their contractual repayment obligations as stated under the WAMA.

3b. PAC recommendation: At the conclusion of the Bulb SAR, the Department should write to the Committee with details of the final cost to the taxpayer, including how much has been repaid by Octopus and any shortfall that it plans to recover from consumers.

3.5 The government agrees with the Committee's recommendation.

Target implementation date: December 2025

3.6 Bulb will remain in SAR until such time as the administrators have fully discharged their statutory duties, have submitted their final progress report and a court application to end the SAR, with Secretary of State' consent, has been made and duly ordered by the court.

3.7 Full repayment is not expected until September 2024 (or 2025 if Octopus exercise their right to defer if certain market conditions are met). Following this, a further 12-month wind-down period is expected for the administrators to close any remaining matters. As such the conclusion of the SAR will not occur until sometime in autumn of 2025 or autumn of 2026 at which point, we will have details of the final costs to the taxpayer and how much has been repaid.

3.8 The recovery of any shortfall is dependent on final amounts calculated by the administrators which is still progressing. The department will inform the Committee once it has the final confirmed amounts and expects to provide a written update as to estimated outturns and timelines by end of December 2025. However, in the meantime it will keep the Committee updated of estimated outturns over the remaining SAR period.

4. PAC conclusion: HM Treasury, the Department and Ofgem's preparedness for the failure of a major energy supplier like Bulb, did not include the full range of activities needed to oversee a Special Administration Regime (SAR).

4. PAC recommendation: By the end of 2023, the Department and Ofgem should update their procedures for handling a supplier failure to ensure that they cover the entirety of the SAR process. This should clearly outline the key decision points during the SAR, the energy purchasing strategy, the sale process and exiting the SAR.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 DESNZ, Ofgem and other stakeholders have worked closely to develop comprehensive governance arrangements and planning materials to ensure the government remains well-prepared to manage the failure of a large energy supplier. These have been thoroughly tested, including through their successful use in the Bulb Special Administration Regime (SAR). They include:

- A contingency plan and a joint DESNZ-Ofgem ESC SAR handbook, including key roles and organisational accountabilities.
- A Memorandum of Understanding establishing a coordination framework between DESNZ, HM Treasury and Ofgem.
- A call-off panel to provide independent scrutiny of any requests for financial support by the Energy Administrator.
- Ofgem's appointment of a preferred Energy Administrator including two reserves.
- Contract in place until the end of 2024 to provide external legal support.
- A 'break glass pack' covering actions to be taken in the first 96 hours of managing a large supplier failure; and
- Regular wargaming exercises, the most recent in September 2023.

4.3 This planning takes account of the entire lifecycle of a SAR, the ultimate exit of the failed supplier from administration. While we have sought to prepare as thoroughly as possible, however, how the exit from a SAR is managed in practice will depend in large part on factors outside the control of government, including legal proceedings, prevailing market conditions and the appetite of potential buyers. In the event of any future SAR, the government will work with the administrator to ensure the best possible outcome for customers. If the supplier cannot be rescued or sold, customers will be moved to another supplier in a managed, gradual process.

5. PAC conclusion: The complex nature of the Special Administration Regime and sale process has required specialist skills and advice that are in limited supply within government.

5. PAC recommendation: Within 12 months, HM Treasury, working with UKGI, should update the Government Corporate Finance Profession's vision and strategy to ensure that departments have access to the right skills and experience from within the civil service to handle future supplier failures and similar transactions related to corporate finance.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

5.2 UKGI and HM Treasury will work together to review the Government Corporate Finance Profession's ('GCFP' or 'the Profession') forward plan to include raising awareness of the specialist skills that are available across HMG in a supplier failure scenario and similar situations, including drawing on the recent NAO Lessons Learned paper – 'Monitoring and responding to companies in distress.

5.3 UK Government Investments leads the Government Corporate Finance Profession and the UKGI's Chief Executive is the Head of the Profession. The GCFP's purpose is to promote skills development, knowledge sharing, networking, collaboration, and career development in corporate finance across Whitehall. The Profession focuses on technical skills development targeting civil and public servants undertaking corporate finance work across government, to help them develop an understanding of the wider external market and to provide an opportunity to support profile raising for corporate finance practitioners. The Profession continuously evaluates its purpose and vision, interacting with its membership base and utilising a series of surveys to understand the existing level of skills and knowledge of the membership across its published competencies, and its future needs.

5.4 The Profession will continue to monitor and update its knowledge sharing tools for its members. It regularly arranges sharing excellence seminars for members, with contributions from both the private and public sector, drawing on recent case studies to promote best practice and share learnings.

6. PAC conclusion: Government's approach to managing financial risks posed by fluctuations in energy prices does not adequately take into account recommended practice for privately financed energy suppliers operating in the sector.

6. PAC recommendation: In the next 12 months, HM Treasury should set out what information Accounting Officers should consider in making commercial decisions about companies that have been taken into the public sector from a sector where the accepted market practice involves the use of hedging or forward purchasing agreements.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: November 2024

6.2 When companies are reclassified to the public sector from the private sector, and if classified to central government, they will be bound by existing guidance as set out in Managing Public Money including guidance on the use of hedging. Where bodies are classified as public corporations the use of hedging or forward purchasing agreements will be considered by Accounting Officers on a case-by-case basis.

6.3 The guidance will continue to suggest that the use of such instruments by government as a way of minimising future risk does not usually represent the best value for money for the public purse. In the private sector, companies typically hedge by insuring the financial risk of potential price fluctuations via a financing agreement with a private sector counterparty. This comes at a cost via a premium charged on the insurance at rates available to private companies. Where that private company has been transferred to the public sector, the government becomes responsible for that entity's balance sheet. Although the government could continue the practice of hedging by paying a third party to take on this risk, in aggregate it is more likely to cost the public purse less to finance materialised risk with funds raised via the (more advantageous) state-level borrowing rates.

Seventy-fifth report of Session 2022-23

Department for Transport

Active travel in England

Introduction from the Committee

Active travel describes everyday 'journeys for a purpose' made by walking, wheeling, or cycling. In 2021, an average of 235 walking trips and 15 cycling trips were taken by each person. Active travel is a low-carbon way to get around and offers many benefits compared with other forms of transport. Government believes that active travel can support its wider strategic priorities to increase physical activity, tackle obesity, improve air quality, level up, and achieve net zero carbon emissions by 2050. Government expects to spend around £6.6 billion on active travel between 2016 and 2025. It spent £3.3 billion between 2016 and 2021, of which it spent approximately £2.3 billion on infrastructure and £1 billion on other activities such as behaviour change initiatives.

The Department for Transport (DfT) is responsible for active travel policy in England. DfT sets objectives for active travel and the available funding in investment strategies. The first strategy was published in 2017 and the second in 2022. A third is planned from 2025. DfT's four objectives for active travel are to: increase the percentage of short journeys in towns and cities that are walked or cycled; increase people's annual walking activity; double rates of cycling; and increase the percentage of children aged 5 to 10 who usually walk to school. Most active travel schemes are delivered by local government. Active travel schemes can range from creating new infrastructure, such as separate cycle lanes on roads or amending existing road space to create pedestrian zones outside schools, as well as activities such as providing training in cycle safety.

In 2020, DfT published *Gear Change: A bold vision for cycling and walking*. This set out government's ambition to transform the role active travel can play in the transport system. In this, DfT announced its intention to establish Active Travel England (ATE) to improve the approach to investment in active travel infrastructure and deliver better outcomes. ATE was established in August 2022 and became fully operational in August 2023. Its operational budget for 2023–24 is around £7.5 million, increasing to around £9 million in the following year.

Based on a report by the National Audit Office, the Committee took evidence on 19 July 2023 from the Department for Transport. The Committee published its report on 3 November 2023. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Active Travel in England – Session 2022-23 (HC 1376)
- PAC report: Active travel in England – Session 2022-23 (HC 1335)

Government response to the Committee

1. PAC conclusion: Active Travel England has made good early progress but it is still early days for the new organisation.

1. PAC recommendation: DfT should review what ATE has achieved in its first 12 months in operation and whether it has adequate funding and support to deliver its active travel objectives and maintain momentum as it continues to develop. This should include reviewing the available capacity within its different functions and if this is sufficient for it to have an impact.

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

Target implementation date: June 2024

1.2 Active Travel England (ATE) published its corporate plan on 25 July 2023. This included a clear set of targets that it would seek to deliver in 2023 to 2024 alongside its financial plan. ATE was formally established on 1 August 2022 therefore the final four months of its first year of operation (1 April 2023 to 31 July 2023) are captured within the corporate plan. Performance in the earlier period (1 August 2022 to 31 March 2023) was covered in the Annual Report and Accounts 2022-23 published by ATE on 5 June 2023.

1.3 The Department for Transport (DfT) (the department) will review what ATE has been able to achieve against the targets set out in its plan when it expires, and, as part of this, will consider its resources to deliver across its range of functions and whether these are sufficient to achieve any further targets published in any revised corporate plan (capturing the period April 2024 onwards).

1.4 In addition, and as set out in the ATE Framework Document that was published on 21 July 2022, ATE's overall effectiveness as an 'arm's length body' of the department will be reviewed. This will take place in 2025.

2. PAC conclusion: DfT is not on track to meet its objectives to increase rates of active travel by 2025.

2a. PAC recommendation: DfT should include in its Treasury Minute Response:

- ***its review of its objectives for active travel in England, setting out what it expects to achieve with the funding now available for active travel to 2025.***

2.1 The government disagrees with the Committee's recommendation.

2.2 As the Committee has noted in its report, the intention of the department was to set deliberately challenging objectives for active travel in the second statutory Cycling and Walking Investment Strategy (CWIS 2) and this was irrespective of the funding available.

2.3 The most recent National Travel Survey statistical release on walking and cycling, published on 30 August 2023, showed that the department is on track to achieve only one of the four objectives for active travel in CWIS 2 (that 46% of short journeys in towns and cities should be walked or cycled by 2025).

2.4 The department does not consider it to be necessary to re-evaluate what it expects to achieve against these objectives by 2025. This is because it will be reviewed in the report to Parliament on CWIS 2 and revised objectives will be set within the third CWIS (both due in 2025).

2.5 To inform the report to Parliament and the third CWIS, the department has commissioned research on active travel funding for the first and second CWIS (from 2016 to 2025) and the outputs of that funding. Many of the funding streams within both CWIS periods are projections, based on a range of evidence. This research will more accurately measure how much money has been spent, and what was delivered against the projected outputs.

2b. PAC recommendation: DfT should include in its Treasury minute response:

- ***how it plans to improve the monitoring of progress against its objectives. This should include better measures that can track progress on cycling rates where there has been local investment.***

2.6 The government agrees with the Committee's recommendation.

Recommendation implemented

2.7 The department considers the National Travel Survey statistics to be the best available source to measure progress against the four objectives set out in CWIS 2. Its size and design provide a nationally representative, statistically robust source that allows repeatable longitudinal measurement of progress. Work is underway to increase the national sample size further, allowing better sub-national representation.

2.8 The department does agree that more can be done to understand the impact on cycling and walking rates following investment at the local level. ATE is developing a revised approach to evaluation of active travel schemes that have received grant funding from government, and where ATE has been involved in the assessment of the related bid for grant funding from the relevant local authority. ATE is also investigating the potential to develop locally representative datasets to complement existing data sources.

2.9 The cornerstone of the revised ATE evaluation approach is the five-year Active Travel Portfolio Evaluation, a process and impact evaluation of Active Travel Investment, led by Sheffield Hallam University, to be completed in 2026-27. ATE is also considering the approach to process, impact, and value for money evaluation of particular interventions (for example Social Prescribing). In parallel, the department is, in collaboration with the Department for Levelling Up, Housing and Communities, developing the scope of an impact evaluation of the City Region Sustainable Transport Settlement and the Levelling Up Fund. This includes the impact of active travel elements. The department and ATE are working to ensure complementary approaches across the evaluations.

3. PAC conclusion: DfT has not done enough to understand the impact and benefits of the £2.3 billion of taxpayers' money it has spent on active travel.

3a. PAC recommendation: DfT should, by December 2023, update the Committee on progress with:

- ***its plans to evaluate active travel interventions and how it intends to use findings from its evaluation activities to inform its ongoing and future active travel activity and investment decisions.***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department should clarify that all grant funding it provides is monitored, for example, to ensure that expected outputs are delivered. Evaluation of schemes, including, for example, the impact a scheme has had on rates of cycling and walking, is longer-term and more resource intensive. The department has previously set a £2 million threshold for evaluation on individual schemes. However, in the most recent round of active travel grant funding, 'Active Travel Fund 4', local authorities with schemes costing between £1 million and £2 million were strongly encouraged to undertake evaluation. Schemes above £750,000 are also required to submit a full economic appraisal using the Active Mode Appraisal Toolkit.

3.3 The department accepts this means it does not have a complete understanding of the effectiveness of all active travel schemes and, as noted in the Committee's report, the average value of schemes from recent funding rounds was £750,000. However, as noted at paragraph 2.9, a broader 'portfolio evaluation' of active travel investment will consider a sample of schemes with lower values. The department considers this to be a proportionate use of resources and in line with HM Treasury's Green Book on evaluation.

3.4 In addition, and as per the department's response to recommendation 2b, ATE is developing a revised approach to scheme evaluation. ATE is also working with local authorities to understand their ability to deliver active travel interventions effectively. ATE published the 'capability ratings' for all local authorities on 10 March 2023, and plans to publish revised ratings in 2024.

3b. PAC recommendation: DfT should, by December 2023, update the Committee on progress with:

- ***how it intends to comprehensively identify and measure the benefits of active travel across all government policy areas.***

3.5 The government agrees with the Committee's recommendation.

Recommendation implemented

3.6 As set out in the department's response to recommendation 2a, it has commissioned research to more accurately measure how much funding has been allocated to active travel interventions over the first and second statutory cycling and walking investment strategies (CWIS 1 and CWIS 2) covering the period 2016 to 2025. This is in respect of funding managed by the department, as well as cross-government funding such as the Levelling Up Fund. In addition, and where the funding body has maintained appropriate records, the research will also set out the impact of the funding against the projected outputs from each funding stream. This research is expected to conclude in April 2024.

3c. PAC recommendation: DfT should, by December 2023, update the Committee on progress with:

- ***how ATE will improve the collection and standardisation of data from active travel schemes.***

3.7 The government agrees with the Committee's recommendation.

Recommendation implemented

3.8 ATE has enhanced the guidance for local authorities so that they are strongly encouraged to use the new 'Active Travel Infrastructure Platform' so that they can better, and more consistently, detail the type and characteristics of the active travel intervention that they are seeking grant funding for.

3.9 ATE has employed further tools to strengthen data collection, including a scheme database to collect objectives, spend, output and milestone data for all Active Travel Fund schemes, and monitoring 'pulse' surveys that are used to update the database every quarter in a consistent and standardised way. Further work is underway to develop a web-based reporting portal for local authorities.

3.10 In addition, where ATE enters into a grant agreement with local authorities to fund active travel interventions, the Section 31 grant agreement letters (that a local authority chief finance officer is required to sign) have been strengthened so that it places specific requirements on the local authority in terms of data that must be provided to ATE. All authorities should be prepared to participate in the ‘portfolio evaluation’ as referred in paragraph 2.9 and work with the national evaluator if selected. More broadly, and in respect of funding not directly allocated by ATE, there is a long-term piece of work (which is at the very early stages of development) to align standards of data reporting from local authorities for all active travel schemes. A definitive timeframe cannot be provided at this stage.

4. PAC conclusion: DfT’s communications to the public have not been enough to help tackle perceptions that active travel is unsafe or to encourage more people to take part.

4. PAC recommendation: DfT should, by December 2023, set out to the Committee how it will lead a proactive and coordinated approach with other stakeholders to: better promote the benefits of active travel; identify and address safety concerns; and encourage more people to participate in active travel.

4.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

4.2 The department intends to publish a new road safety strategy document in due course. This will consider ways in which road safety can be improved for vulnerable road users. The department will explore aligning the publication of this document to a broader campaign that promotes the benefits of active travel. The department will also explore whether communications via local authorities and other delivery partners, such as charitable and stakeholder bodies, can deliver similar messaging.

4.3 The department has previously sought to address safety concerns around active travel by communicating the revisions to The Highway Code to the public. The January 2022 changes to The Highway Code have been communicated via:

- a factual awareness-raising campaign in February and March 2022, alerting road users to the changes as they came into effect; and,
- a further campaign which ran in summer 2022 and 2023, to help embed the changes and encourage understanding and uptake of the guidance.

4.4 The percentage of road users reporting to know either a little or a lot about the Highway Code changes increased from 36% in January 2022 to 58% in August 2022, with 83% of road users having heard of the changes by August 2022. Going forward, the department will continue to monitor attitudes and behaviours to help evidence the prioritisation of THINK! Campaign activity and the level of future communications investment required.

5. PAC conclusion: DfT has not ensured that active travel schemes are sufficiently joined-up with wider transport infrastructure, for example enabling people to walk safely to bus stops or take their bike on the bus or train.

5a. PAC recommendation: DfT and Active Travel England should, by April 2024, develop a clear and consistent approach for ensuring greater integration of active travel infrastructure with the public transport network.

5.1 The government agrees with the Committee’s recommendation.

Target implementation date: April 2024

5.2 The Prime Minister announced new funding for local transport (‘Network North’) on 4 October 2023. This represents a significant and long-term increase in funding for many local authorities and the department will encourage them to invest in integrated local transport solutions.

5.3 ATE will ensure that any funding for active travel delivered via Network North is compliant with applicable design standards, that it is value for money and is appropriately linked in with the wider transport network. This has already been agreed in correspondence between the Secretary of State for Transport and Chris Boardman (active travel commissioner and chair of ATE) and mirrors the approach taken by ATE in respect of other grant funding, such as the City Region Sustainable Transport Settlements.

5.4 By April 2024, the department and ATE will reach a clear and agreed position on how ATE design tools for local authorities can be best utilised to support integration between active travel and public transport. This will include how ATE will prioritise its Inspectorate function to review schemes intended to integrate active travel and other forms of transport.

5b. PAC recommendation: in its Treasury Minute response, DfT should set out how, and by when, it will increase the number of public transport stops that can be safely accessed by foot, in both urban and rural areas.

5.5 The government agrees with the Committee's recommendation.

Recommendation implemented

5.6 The department is taking forward research to understand the experience of disabled bus and coach users, including aspects of bus stop and station design which enables their access and adds value to their journey. The department intends that this will, in the longer term, support the provision of improved roadside infrastructure.

5.7 Local authorities could use local transport money from Network North to improve access to public transport stops, by, for example, creating more accessible footpaths on roads that currently only have grass verges. As set out in the Command Paper published on 23 October 2023, the funding will enable local authorities to *"...improve connectivity in their areas..."*. Network North also incorporates an additional £8.3 billion for highways maintenance and how this funding will be allocated was announced on 17 November 2023. This gives local authorities the opportunity to introduce dropped kerbs and tactile paving when resurfacing the road or footway, or to make the footway wider if circumstances allow.

5.8 ATE will ensure that any new active travel routes to bus stops are designed and delivered effectively, and as part of its broader role with Network North funding as set out in paragraph 5.3.

5.9 For all local authorities, guidance on Bus Service Improvement plans, last updated on 11 October 2021, makes clear that walking routes to bus stops should be planned and maintained with safety in mind.

6. PAC conclusion: Local authorities are being held back from delivering successful active travel interventions by the considerable uncertainty in the funding available for schemes.

6. PAC recommendation: DfT, working with other Departments including HM Treasury, should set in the next six months how and when local authorities will be provided with greater certainty about the funding available for active travel to enable them to invest and deliver long-term, ambitious active travel interventions. This work should include an examination of whether the number of grant schemes available for active travel can be reduced or simplified.

6.1 The government disagrees with the Committee's recommendation.

6.2 The department recognises that multi-year funding certainty is essential to local authorities' ability to plan and deliver ambitious active travel schemes. The introduction of five-year City Region Sustainable Transport Settlements (CRSTS) underlines the department's ambition to both rationalise existing schemes and give local government funding certainty for the longer-term. Network North set out significant longer-term funding for local transport for a number of local authorities and the department is developing the detail for how this will operate. This includes an increase in CRSTS as well as the introduction of Local Integrated Transport Settlements.

6.3 Other forms of capital grant funding however, including the dedicated active travel grants managed by ATE are only available on a yearly basis due to approvals given by HM Treasury following the Spending Review 2021 settlement. There is no opportunity to revisit this ahead of the next Spending Review.

6.4 The department will seek to manage fewer and more joined up grant schemes for local authorities over the longer term, and subject to future Spending Review conditions. However, continued provision of dedicated grant funding, including revenue measures, for local authorities will be essential for ATE to be able to provide the targeted support needed to boost local authority capability. The department will reflect any revised approach within third statutory cycling and walking investment strategy, which is due in 2025.

7. PAC conclusion: DfT has not set out how it plans to expand its Bikeability programme and increase the rate of children and adults receiving cycle safety training.

7. PAC recommendation: As an urgent priority, and within three months, DfT needs to set out a clear plan for its Bikeability programme with a revised business case, including the funding it will make available to the programme over the remainder of the investment period to March 2025.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 ATE announced a 2-year, £50 million funding package for Bikeability on 29 September 2023. This delivers the funding certainty it needs for the remainder of the current Spending Review period, i.e., until 31 March 2025.

7.3 Alongside this, ATE has commissioned a review of the Bikeability programme with the aim of increasing the efficiency and effectiveness of management arrangements. The review will focus on the systems used to allocate, monitor, and drive delivery of cycling training and associated support activities, including bench marking against other comparable training programmes.

Seventy-sixth Report of Session 2022-23

Home Office

The Asylum Transformation Programme

Introduction from the Committee

The Home Office is responsible for making decisions on whether to grant or refuse asylum applications, and for supporting and accommodating destitute people while they are waiting for a decision. At the end of June 2023, around 175,000 people were awaiting a decision and the Home Office was providing accommodation for around 113,000 of them. Over half of the people waiting for a decision had been waiting for at least a year.

The Home Office started to develop the asylum and protection transformation programme (the Programme) in 2021, to create a fair, supportive, and efficient system. So far, the Home Office has prioritised increasing the number of decisions it makes so it supports fewer people, and increasing its supply of accommodation so it can move people waiting for a decision out of hotels and into somewhere cheaper. The Home Office expects the Programme to save £15 billion on the cost of supporting people seeking asylum over the period 2022–23 to 2031–32.

Based on a report by the National Audit Office, the Committee took evidence on 10 July 2023 from the Home Office. The Committee published its report on 27 October 2023. This is the Government's response to the Committee's report.

Relevant reports

- NAO report: The asylum and protection transformation programme – Session 2022-23 (HC 1375
- PAC report: The Asylum Transformation Programme – Session 2022-23 (HC 1334)

Government response to the Committee

1. PAC conclusion: Despite the Home Office's confidence that it will clear the backlog of asylum decisions by the end of December, it still faces a huge challenge to do so.

1. PAC recommendation: The Home Office should update the Committee, as part of its Treasury Minute response, on its progress in increasing caseworker numbers and decisions and clearing the legacy backlog. It should also set out how it intends to reduce the backlog of newer claims that it has allowed to build up.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The legacy asylum backlog target has been met with more than 112,000 asylum cases cleared in 2023. Fundamental changes to the decision-making process and boosting efficiency has resulted in 112,000 asylum decisions this year, and the highest annual number of substantive decisions in a year since 2002. This is in part due to the Home Office (the department) stepping up processing, deploying an additional 1,200 caseworkers, meeting our target to double the number of asylum caseworkers and tripling productivity to ensure more illegal migrants are returned to their country of origin, quicker. The increased efficiency has seen the Home Office not just clear the original 92,000 legacy asylum backlog but exceed it. In one 4-week period from 20 November to 17 December 2023, there were 20,481 initial asylum decisions made. This is more than the number of asylum decisions made in the entirety of 2021. While all cases have been reviewed and 112,000 decisions made overall, 4,500 complex cases have been highlighted that require additional checks or investigation for a final decision to be made. These hard cases typically relate to asylum seekers presenting as children – where age verification is taking place; those with serious medical issues; or those with suspected past convictions, where checks may reveal criminality that would bar asylum. Moreover, the grant rate for asylum seekers has gone down this year. The grant rate for asylum decisions in 2023 is at 67%, lower than in both 2022 and 2021, which were 76% and 72% respectively. The Home Office achieved the commitment to increase the number of asylum caseworkers to 2,500 by September 2023. On 31 August 2023, there were 2,510 decision makers in post, demonstrating that during this month we exceeded our target. Numbers rose to 2,529 in October before falling slightly due to natural attrition as individuals change roles or leave posts. Our recruitment campaign continues, and we expect to maintain to have 2,500 decision makers going forward.

1.3 Flow claims will be prioritised from 2024 onwards now that legacy claims have been cleared. Individual claims lodged on or after 28 June 2022 may be prioritised on a case-by-case basis due to exceptional and compelling circumstances. Please see Case by case prioritisation on GOV.UK for further information about how individual asylum claims may be prioritised.

1.4 The department has quadrupled the number of decision makers over the last 2 years and is continuing to recruit more. There are recruitment strategies in place to maintain staffing at the required levels to allow the department to manage asylum intake and reduce the overall time to make initial asylum decisions, including rolling recruitment campaigns.

1.5 The Home Office has successfully tripled decision productivity. This was made possible through streamlining and modernising the end-to-end process, with improved guidance and more focussed interviews, speeding up asylum processing whilst maintaining the integrity of the system. Productivity will continue to fluctuate as the department works through different case types. The department will continue to build on existing processes and systems in our approach to the remaining backlog of cases, including those made on or after 28 June 2022, 'flow' cases.

2. PAC conclusion: The focus on streamlining decision-making may inadvertently lead to more flawed decisions, or the withdrawal of genuine asylum claims.

2. PAC recommendation: Alongside its Treasury Minute response the Home Office should write to the Committee setting out:

- ***The number of administrative decisions made each month since the introduction of its streamlined asylum process;***
- ***How its internal quality assurance arrangements have changed to reflect the introduction of the streamlined asylum process, what these arrangements have shown about quality of decisions made under the process, and how learning from this has been used; and***
- ***What further evaluation of the streamlined asylum process is planned, in particular to ensure that the Home Office makes the right asylum decision.***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Home Office has written to the Committee (9 January 2024) in a supporting letter addressing the bullets in this recommendation.

3. PAC conclusion: The Home Office does not have a credible plan for ending the use of hotels to accommodate people waiting for a decision and the unacceptable cost this creates.

3. PAC recommendation: The Home Office should, as part of its Treasury Minute response, set out how and by when it intends to reduce its use of hotels, and when it intends to stop using hotels altogether, under its different planning scenarios about the number of people applying for asylum.

3.1 The government disagrees with the Committee's recommendation.

3.2 The Home Office has always been clear that the use of hotels as temporary accommodation for asylum seekers was a short-term measure to ensure that the department met its statutory obligation to accommodate asylum seekers who would otherwise be destitute, during a period of unprecedented numbers of small boat arrivals.

3.3 In line with the Prime Minister's comprehensive ten-point plan (13 December 2022) to tackle illegal migration, a clear plan and range of measures have been implemented to reform the management of the asylum accommodation estate. This includes optimising the use of existing hotels and increasing the number of people room sharing, growing the amount of dispersed accommodation available and delivering alternative forms of accommodation sites. As a result of these actions, the department has now begun to reduce reliance on hotel accommodation and has plans in place to close over 50 hotels before the end of January 2024. Whilst modelling asylum and accommodation demand is complex and inherently uncertain, the Home Office will continue to keep modelling assumptions and estimates under regular review to ensure that accommodation estate capacity remains sufficient for future levels of demand, under a range of different planning scenarios.

4. PAC conclusion: The Home Office is failing to engage meaningfully with local authorities on decisions that affect their residents and already strained public services.

4. PAC recommendation: The Home Office should, as part of its Treasury Minute response, set out how its 'place-based approach' will give local authorities a meaningful say on the use of accommodation in their areas, and what specific actions it will take to improve its relationships with local authorities.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: iterative to December 2025

4.2 Through informal consultation, partners told the department that they wanted to build on the Full Dispersal model and adopt a Place-Based Approach to all protection-based immigration demands in an area; there is a desire to build sustainable partnerships, based on a collective responsibility, trust and support. We will be running pilots between January and March 2024 with London, Wales and South West England to test initial design principles for a revised approach.

4.3 The government has endeavoured to improve working relationships with local authorities, through data sharing, including populations for asylum, resettlement, and Unaccompanied Asylum-Seeking Children by region and LA. The department has further shared decision service data for Streamlined Asylum Process cases by local authority with the next iteration due to be shared via a new automated visibility tool in Winter 2023-24. Moreover, individual discussions have taken place between the department and those local authorities most impacted by Streamlined Asylum Processing and case clearance this year, to discuss local authority handling proposals that will reduce impacts. The department continues to follow the same collaborative approach used for engagement for the Full Dispersal project, including launching informal consultations, and working collaboratively through its Regional governance boards, where data is shared, and decisions are taken collectively. Finally, the department will utilise existing well-established governance in place through the Asylum, Resettlement Councils Senior Engagement Group, Oversight Group and regional governance boards, which is the active space for collaboration.

4.4 Based on the feedback the department has had over the past year from local authorities, it intends to refresh the Full Dispersal plans from 2024 ensuring they are evidence based and deliverable. It will be factoring in a range of matters including housing market, social pressures and existing populations. It is also exploring the possibility of broadening the plans out to include contingency accommodation.

5. PAC conclusion: The Home Office does not have adequate safeguards to protect against the risks of vulnerable people having to share accommodation with strangers.

5. PAC recommendation: The Home Office should set out in detail the measures it will take to identify any vulnerabilities individuals waiting for a decision have, and how it will manage the risks to the individual that these may present.

5.1 The government disagrees with the Committee's recommendation.

5.2 The department's headline safeguarding approach is set out in the safeguarding strategy. There is significant safeguarding information available not provided at the Committee session but set out below.

5.3 The department takes the welfare of asylum seekers seriously and at every stage in the process, ensures that the needs and vulnerabilities of asylum seekers are identified and considered. The department works with a wide variety of stakeholders, including local authorities, Strategic Migration partnerships and non-governmental organisations to deliver sustainable, efficient and high-quality support systems to safeguard vulnerable asylum seekers. All departmental staff interacting with applications receive safeguarding training. This ensures that staff are skilled to identify, respond and take appropriate action to support the vulnerable.

5.4 The department and its contractors work closely with the NHS, local authorities, and non-governmental organisations to ensure that asylum seekers can access the health care and support they need. All asylum seekers have access to free NHS services, the same way as British citizens and other permanent residents. All accommodation providers have a duty and requirement to assist people who need access to healthcare, and all frontline staff are safeguarding trained. All accommodation providers employ staff to be present at accommodation sites as welfare support officers. The department and its accommodation providers have robust processes in place to ensure that where someone is at risk, they are referred to the appropriate statutory agencies (police, NHS and social services) to promote appropriate safeguarding interventions. The department operates a Safeguarding Hub to support vulnerable individuals in accessing these services. Safeguarding Hub staff advocate for an individual's needs with the statutory agencies to promote appropriate safeguarding interventions. The statutory agencies retain responsibility for all decisions on intervention activity. Any asylum seekers who need assistance with any matter can get in touch with Migrant Help 24 hours a day, 7 days a week.

6. PAC conclusion: The Home Office failed to convince us that it understands the full implications of its programme on the wider asylum system, affecting the ability of others to plan.

6. PAC recommendation: The Home Office should publish its updated business case so the intentions and impacts of the Programme are clear and transparent to Parliament, the public and other organisations.

In its Treasury Minute response, the Home Office should set a date by which this business case will be published.

6.1 The government disagrees with the Committee's recommendation.

6.2 The department does not intend to publish the Programme's Business Case, as it is not standard practice for the department to publish Business Cases. However, the government is instead happy to hold a private meeting with the Committee, once the Programme Business Case has been approved by HM Treasury, to explain how the intentions and impacts of the programme have been modelled and measured. The department anticipates receiving HM Treasury approval by the Summer of 2024.

Seventy-seventh Report of Session 2022-23

Department for Levelling Up, Housing and Communities

Supported Housing

Introduction from the Committee

Supported housing in England provides much needed accommodation and support, supervision and care to vulnerable people who often have complex and multiple needs, to help them live as independently as possible in the community. Residents tend to include people at risk of, or who have experienced, homelessness, people with a learning or physical disability, or people recovering from drug or alcohol dependence. Responsibilities are spread across central and local government:

- the Department for Work and Pensions (DWP) reimburses local authorities for paying Housing Benefit claims and sets Housing Benefit policy;
- the Department for Levelling Up, Housing and Communities (DLUHC) is responsible for the supply and quality of supported housing;
- the Department of Health and Social Care (DHSC) develops policies that aim to give more people the choice to live independently and healthily in their own homes for longer; and
- local authorities are responsible for managing Housing Benefit claims and inspecting supported housing.

Gaps in oversight and regulation of supported housing allow some landlords to make large profits while providing poor quality accommodation and support. Demand for supported housing is largely unknown, and the Government is not expected to meet its original target for building 15,700 to 16,500 new supported housing units as part of the Affordable Home Programme. Housing Benefit can leave local authorities short-changed and allow for an unknown amount of fraud in the sector. The Supported Housing (Regulatory Oversight) Act 2023 contains measures to improve supported housing. The Act focuses on exempt accommodation (mostly short-term supported housing that is exempt from locally set Housing Benefit caps), rather than supported housing more broadly.

Based on a report by the National Audit Office, the Committee took evidence on Wednesday 21 June 2023 from the Department for Levelling Up, Housing and Communities and the Department for Work and Pensions. The Committee published its report on 10 November 2023. This is the Government's response to the Committee's report.

Relevant reports

- NAO report: Investigation into supported housing – Session 2022-23 (HC 1318)
- PAC report: Supported Housing – Session 2022-23 (HC 1330)

Government response to the Committee

1. PAC conclusion: Demand for supported housing outstrips supply so vulnerable people do not always get the homes or support that they need.

1. PAC recommendation: Within six months of publishing the new snapshot of data on supporting housing, DLUHC should write to the Committee setting out how central government is maximising efforts to get supply of supported housing to meet demand, for example, through the Affordable Homes Programme.

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

Target implementation date: July 2024

1.2 The Department for Levelling Up, Housing and Communities (DLUHC) has commissioned research to provide an up-to-date assessment of the supply and demand of supported housing across Great Britain which is due to be published in early 2024.

1.3 DLUHC will respond to the Committee within six months of publishing the new research setting out how it is maximising efforts to increase the supply of supported housing.

2. PAC conclusion: Exempt accommodation—an expanding sub-sector of short-term supported housing that can be of poor quality—has little regulation or oversight so leaving vulnerable people unprotected from unscrupulous providers.

2. PAC recommendation: Alongside its Treasury Minute response, DLUHC should write to the Committee outlining progress with its consultation with local authorities and set out its early thinking on how it intends to support them to implement the Act effectively, improve short-term supported housing and protect vulnerable residents.

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

Target implementation date: Winter 2023

2.2 DLUHC will publish a consultation in early 2024 on the detailed design of the measures set out in the Supported Housing (Regulatory Oversight) Act 2023 (the Act). It is extremely important to hear from local authorities who will be implementing these measures, including locally led licensing schemes for supported housing and overseeing the enforcement of new National Supported Housing Standards. The government is mindful of any unintended consequences on vulnerable residents.

2.3 DLUHC will support local authorities in implementing measures in the Act including through new burdens funding. A new burdens assessment will be undertaken following the consultation.

2.4 DLUHC will also publish guidance alongside the National Supported Housing Standards and the licensing regime regulations to support local authorities in implementing these reforms and to ensure consistency.

2.5 DLUHC has written separately to the Committee in response to this recommendation.

3. PAC conclusion: DLUHC and DWP cannot assess and therefore resolve the problems with supported housing as they have no reliable data about the sector.

3. PAC recommendation: In the Treasury Minute response to this report, DLUHC and DWP should summarise what they are currently doing, along with plans for future work, to radically improve and keep up to date, their data on demand, supply, and costs of supported housing while minimising the burden on local authorities.

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

Target implementation date: Summer 2024

3.2 The government recognises that data is limited, and that better quality data would support evidence-based decision making.

3.3 DLUHC has commissioned research to provide an up-to-date assessment of the sector, which is due to be published in early 2024. Following this, a second research project will set out the benefits and outcomes delivered by supported housing.

3.4 In 2022, the Department for Work and Pensions (DWP) made investments to deliver improvements to local authority (LA) IT systems, to accurately record all new Housing Benefit claims. This has substantially improved data quality for new claims. DWP has contacted LAs with lists of incorrectly recorded new claims for them to make necessary changes.

3.5 DWP has also taken action to improve data on existing claims. LAs have been awarded £4.79 million in additional New Burdens funding to review their Housing Benefit caseload and set the supported housing status accurately. This review is to be completed by 31 March 2024. DWP is monitoring administrative data to identify LAs' progress with the case review and will continue to do so until March 2024.

3.6 From April 2024, these changes will ensure DWP has robust data enabling it to quantify the scale and cost of specified accommodation. DWP will continue to monitor new Housing Benefit claims to ensure that data quality is maintained.

3.7 The Act places new duties on local housing authorities to produce supported housing strategic plans and introduces a licensing regime. These measures will allow DLUHC to capture information on the supply and demand of supported housing and provide a better understanding of the sector. Details will be consulted on in early 2024 and DLUHC will also carry out a New Burdens assessment.

4. PAC conclusion: The Supported Housing (Regulatory Oversight) Act 2023 gives local authorities more powers over providers of supported housing but there is a risk of unintended consequences, including discouraging good quality providers.

4. PAC recommendation: DLUHC should assess how local authorities can set up licensing schemes with appropriate levels of fees that will deter poor providers and encourage good quality supported housing.

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

Target implementation date: Winter 2024

4.2 The Act makes provision for licensing Regulations to require or permit the licensing authority to charge fees covering the cost of performing the authority's functions, as set out in the Regulations. The government recognises that providing supported housing is a low-margin activity for many good providers, so any additional costs must be balanced against the impact on new and existing schemes.

4.3 DLUHC will take a proportionate approach to these reforms to protect good quality supported housing. DLUHC must ensure the measures work as intended so that all supported housing is of good quality and that LAs are able to effectively enforce against poor quality provision.

4.4 A consultation on the measures contained in the Act will be published in early 2024. This consultation will ask for views on the proposed design of the licensing regime and all responses will be analysed carefully.

4.5 Impact assessments will be published alongside the regulations for the licensing regime. These regulations will be drafted and consulted upon after the first consultation responses have been analysed. The level of any fees will be considered as part of that impact assessment.

5. PAC conclusion: Local authorities have limited capacity to deal with fraud in Housing Benefit claims for supported housing.

5. PAC recommendation: Within six months, DWP should inform the Committee about how it intends to identify the level of fraud in Housing Benefit for supported housing and how it will better support local authorities, including funding, to tackle this fraud.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2024

5.2 DWP understands the importance of tackling fraud and error across all benefits. However, Housing Benefit fraud, for example, benefit fraud (from undeclared income, changes in circumstance, or falsified information) needs to be distinguished from unscrupulous provider behaviour as described in the Committee's report. The former is what DWP will act upon in this recommendation, the latter is covered under responses to recommendations 1 to 4 above.

5.3 DWP already provides LAs with funding to tackle Housing Benefit fraud and error in the main areas of loss, the top area being earnings and employment. DWP has two key initiatives in this regard; Housing Benefit Award Accuracy (HBAA) and Verify Earnings and Pensions (VEP). These initiatives provide LAs with funds to carry out full case reviews and action referrals from data matching against DWP's benefits, tax credits and claimants' earnings information.

5.4 By July 2024 DWP will:

- look to understand the total supported housing volumes in the Housing Benefit (HB) caseload following completion in March 2024 of the LA review exercise. This will help DWP to identify the supported housing HB claims for potential fraud and error activities;
- DWP's Performance Measurement Team (the experts who sample benefit claims to check for levels of fraud and error) have just begun its next programme of sampling for Housing Benefit cases that are passported from Universal Credit – i.e. Supported and Temporary cases, to feed into the May 2025 MVFE (Monetary Value of Fraud and Error) publication. DWP will be looking at the early Management Information (MI) from this sample, as the team works through it from November 2023 to October 2024, to see if it provides an indication of specific fraud and error types not currently addressed through its existing Housing Benefit fraud and error initiatives;
- further develop plans to support LAs in making quality Housing Benefit fraud referrals for DWP to investigate; and
- look at cases LAs have carried out under DWP's key fraud and error initiatives to understand how effective they are on tackling fraud and error in supported housing HB claims.

5.5 All this will then determine what actions may be required to further support LAs, including consideration of how DWP will allocate existing funding provided to LAs in tackling fraud and error in the future.

6. PAC conclusion: Some local authorities face increasing gaps in their budgets because of the way DWP Housing Benefit regulations work.

6. PAC recommendation: As part of the consultation with local authorities on the Supported Housing (Regulatory Oversight) Act 2023, DWP should consider how to reduce subsidy loss, and then implement solutions.

6.1 The government disagrees with the Committee's recommendation.

6.2 DWP agrees that it should consider feedback from LAs on subsidy loss. As subsidy is not part of the scope of the Act there is no plan to ask an explicit question as part of the consultation, but DWP fully expect that some stakeholders will raise this issue in their responses, and it has previously received representations from LAs on this issue.

6.3 This is a complex area with a range of contributing factors many of which are not within DWP's control. DWP anticipate the Act may address some of the contributing factors and this will be monitored closely as part of the department's continual review. The Housing Benefit subsidy rules and how these are administered are reflected in the Income-related Benefits (Subsidy to Authorities) Order 1998.

Seventy-eighth report of Session 2022-23

Ministry of Justice

Resettlement support for prison leavers

Introduction from the Committee

Prisons and probation services have two core purposes: to carry out the sentences given by the courts; and to rehabilitate people in their care and supervision to help them lead law-abiding and useful lives and to protect the public. From April 2020 to March 2021, 38% of adults released from prison reoffended in the 12 months following their release. Reoffending has significant costs to society. This includes direct financial losses to victims and the costs that the criminal justice system must meet, from running police investigations and court hearings, to holding offenders in prisons and ensuring their effective supervision in the community. In 2019 the Ministry of Justice (MoJ) estimated that reoffending across all adult offenders identified in 2016 cost society £16.7 billion (in 2017–18 prices).

HM Prison & Probation Service (HMPPS) is an executive agency of the MoJ. It carries out sentences given by the courts, in custody and in the community. It is responsible for operating public sector prisons, overseeing private sector prisons and the Probation Service in England and Wales. When people leave prison, HMPPS aims to protect the public by managing any risks they pose, and to reduce the chances of them reoffending by supporting their resettlement in the community. Prison leavers are more likely to reoffend if they are not resettled into the community, for example if they have nowhere to live, no job or other income, and have poor continuity of healthcare.

Based on a report by the National Audit Office, the Committee took evidence on 8 June 2023 from the Ministry of Justice. The Committee published its report on 11 November 2023. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Improving resettlement support for prison leavers to reduce reoffending – Session 2022-23 (HC 1282)
- PAC report: Resettlement support for prison leavers – Session 2022-23 (HC 1329)

Government response to the Committee

1. PAC conclusion: HMPPS's resettlement services are not as effective or consistent as they should be, leading to inequalities for prison leavers.

1a. PAC recommendation: In its Treasury Minute response to this report, HMPPS should set out what steps it is taking to understand the causes of inequalities experienced by prison leavers.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 Resettlement outcomes such as accommodation and employment are routinely reported against different groups, however, the causes of any disparities between groups are less well understood.

1.3 His Majesty's Prison and Probation Service (HMPPS or the agency) is planning a programme of work to understand disparities in resettlement outcomes, beginning with an assessment of which differences in outcomes are statistically significant. The agency is also conducting an evidence synthesis summarising the internal and external evidence base around potential reasons for variation in outcomes and what the key evidence gaps are. Identifying where meaningful differences exist and the key evidence gaps will ensure analysis is focussed on the right areas. Depending on the emerging evidence gaps, this programme of work may include:

- surveys, interviews and focus groups with target cohorts to understand why outcomes differ between groups;
- quasi experimental evaluation techniques to unpick potential causal drivers in differences between outcomes;
- monitoring information collected through interventions to understand uptake by, and differences in outcomes between cohorts; and
- reviewing existing planned evaluations for opportunities for insights to be gained.

1.4 HMPPS' initial focus will relate to published protected characteristics (gender, ethnicity, age), sentence length and probation region. Where data allows, this will involve exploring interactions with wider characteristics. By April 2025, the agency will deliver this analysis across prioritised thematic areas, which will inform the agency's plans for ongoing monitoring based on these findings.

1b. PAC recommendation: Within six months, HMPPS should write to the Committee setting out an action plan for improved support for those who leave the prison system, including clear steps towards its intended approach of an adequate and consistent resettlement service for all prison leavers.

1.5 The government agrees with the Committee's recommendation.

Target implementation date: May 2024

1.6 HMPPS is committed to ensuring that resettlement services provide consistent and adequate support to prison leavers, to reduce reoffending and protect the public.

1.7 The creation of HMPPS's Area Executive Director (AED) roles in October 2023 will drive increased collaboration and joint working between prisons and probation, a vital component of effective resettlement services.

1.8 HMPPS will agree a plan to improve short term resettlement performance for all adult prison leavers. This will set out key resettlement priorities to ensure that, by April 2025, an adequate and consistent resettlement service is in place for all prison leavers. This work is focused on enabling AEDs and frontline operations. It will set the foundations for longer term continuous improvement, taking into account overall system demand pressures.

1.9 HMPPS will respond to the Committee by the six-month deadline, setting out the agreed approach and action plan.

2. PAC conclusion: We are concerned that government is not doing enough to support prisoners with substance misuse needs before they are released.

2. PAC recommendation: The Cross-Government Reducing Reoffending Board should agree metrics to measure end-to-end success in treating substance misuse needs in offenders and routinely publish how it is performing against these metrics.

2.1 The government agrees with the Committee’s recommendation.

Target implementation date: Summer 2024

2.2 The government is committed to engaging offenders in substance misuse treatment at all stages of the criminal justice system to reduce reoffending. The National Combatting Drugs Outcomes Framework sets out the key metrics that the government is using to measure success, but acknowledges there is more that can be done to clearly define success and how this links to wider resettlement outcomes.

2.3 The Ministry of Justice (MoJ) and the Department for Health and Social Care will develop a proposal, including highlighting any critical gaps in current metrics and subsequent plans to fill them, to be reported through the established cross-government drugs governance and agreed by the Cross-Government Reducing Reoffending Board. The government will publish these metrics routinely, through existing publications such as the Drugs Strategy Annual Report.

3. PAC conclusion: We are concerned that HMPPS is not doing enough to retain the experienced probation workers needed to safely manage its large and increasing caseload.

3. PAC recommendation: In its Treasury Minute response, HMPPS should set out what additional steps it will take to retain and incentivise experienced staff over the next 12 to 18 months and what targets it has for doing so.

3.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

3.2 HMPPS will take a number of additional steps to retain and incentivise experienced staff over the next 12-18 months.

3.3 The agency will:

- continue the work of its retention strategy and accompanying toolkit, which identifies local, regional and national interventions against the drivers of attrition, as well as reviewing findings from the retention oversight process, which targets sites with the highest attrition, and determines how local challenges can be tackled;
- refresh the Career Pathways Framework, which aims to improve retention of experienced staff by showing the many career opportunities available in HMPPS, in particular for Probation staff reaching retirement. The agency has seen an increase in interest from frontline staff, and is committed to updating this regularly (next in January 2024, and quarterly thereafter);
- build on the Prison Officer Alumni scheme, which fast-tracks former staff back into the service, by launching an equivalent for Probation by January 2024. This will attract experienced probation staff back into the service through a streamlined recruitment process;
- pilot a level transfer scheme for prison officers to move between establishments, launched in October 2023, which creates opportunities for personal development and flexibility following changes in personal circumstances;
- continue the national HMPPS brand campaign, launched in September 2023, to build pride and morale in the agency’s staff, raising the profile of the work they do; and
- continue to promote the Probation Pathway initiative which encourages unsuccessful candidates for trainee probation officer and probation service officer roles to consider alternative roles also assessed during the same recruitment process where they are deemed appointable.

3.4 HMPPS has committed to improving retention through setting a target of a year-on-year decrease in the proportion of staff leaving the organisation, from 2022-23 to 2024-2025. This may be seen in the staffing levels tracked through the HMPPS workforce statistics publication, which recently saw a decrease in the leaving rate of 1.9 percentage points across the organisation. This is in the context of a net increase in the total number of staff employed by HMPPS; as of September 2023, there were 64,168 full-time equivalent (FTE) staff in post across HMPPS, an increase of 4,856 FTE compared to September 2022.

4. PAC conclusion: HMPPS is still not getting all the basics right when commissioning resettlement services.

4a. PAC recommendation: In its Treasury Minute response, HMPPS should set out how it will ensure good quality outcomes for prison leavers under its existing Commissioned Rehabilitative Services contracts.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 HMPPS is reviewing its approach to ensuring good quality outcomes for prison leavers and people on probation are both achieved and evidenced.

4.3 HMPPS has taken a number of actions to improve achievement of outcomes. These include;

- significant enhancements to the digital referral tool;
- working with providers to improve services; and
- making contract changes to increase accommodation and women's services support to include remanded people in custody and increased finance, benefit and debt provision in more prisons.

4.4 HMPPS has evidence of successful improvements from a recent internal audit of Commissioned Rehabilitative Services (CRS). The audit reports for Personal and Wellbeing and Education, Training and Employment contracts show that most CRS providers are:

- better at delivering activities that are likely to meet user's needs;
- making reasonable efforts to engage users;
- making positive progress to support successful outcomes;
- finding that session attendance and content delivery are better supported by the improved staff guidance and digital referral tool updates; and
- finding that improvements in the Accommodation Contracts have been slower and are therefore yet to meet all of the required standards.

4.5 HMPPS is committed to gathering, analysing and using better evidence on outcomes in the future, and is assessing the options available to improve data on outcomes including a tool to measure progress from the start of the order to completion. The Area Executive Directors (AEDs) will consider which models are best for their region, working with frontline teams to develop more locally tailored services. AED is a senior, operational delivery role, that brings together leadership of both prison and probation services. They are responsible for driving up operational performance and increasing collaboration across HMPPS and with partners.

4b. PAC recommendation: HMPPS should also set out in the Treasury Minute how it will apply the lessons learned from the procurement of these services to its future commissioning exercises.

4.6 The government agrees with the Committee’s recommendation.

Recommendation implemented

4.7 HMPPS intends to apply learning from the procurement of previous Commissioned Rehabilitative Services (CRS) to future commissioning.

4.8 Based on these lessons, HMPPS has already taken steps to improve the CRS Dynamic Framework to facilitate greater involvement of voluntary, social, and community enterprises (VSCEs); and to introduce a grant process specifically for CRS developed in consultation with third sector representatives.

4.9 HMPPS is working closely with the third sector to support strong VCSE involvement and delivery in future contracts and is undertaking wider market engagement to capture their insight.

4.10 HMPPS has made changes to current services including:

- enhancements to the digital referral tool;
- contract changes to include accommodation and women’s services support to remanded people; and
- increased finance, benefit and debt provision in more prisons.

HMPPS will continue to inform the next generation of contracts through detailed user and market research to make sure the design of future services fully reflects the breadth of available evidence on user experience, efficacy and cost.

4.11 An evaluation has been commissioned, looking at process, implementation, impact and value for money. HMPPS will use learning from this between June 2023 and March 2025 to make positive changes to future services.

4.12 A robust lessons learned exercise has taken place to learn lessons from other major programmes, including the Electronic Monitoring Programme.

5. PAC conclusion: It is vital that HMPPS understands more about what works best if it is to get the best outcomes from its limited funds for prisoner resettlement work.

5. PAC recommendation: In its Treasury Minute response, HMPPS should set out its plan for evaluating its current resettlement initiatives, including confirming how its evaluations for resettlement programmes will inform its approach in the next spending review.

5.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

5.2 Detailed evaluation plans, based on best practice set out in HM Treasury’s Magenta Book, are now in place to assess the effectiveness of HMPPS investment across key elements of resettlement activity. The agency is taking a proportionate approach where interventions are subject to evaluation, prioritising those where existing evidence is limited, sample size is sufficient, and cost is high.

5.3 By summer 2024, impact evaluations are expected to be complete, and findings will be available to inform planning around key interventions. Interim findings will also provide insight into the effectiveness of HMPPS’s Commissioned Rehabilitative Services (CRS), to inform future service development.

5.4 For some initiatives, findings on impact will only be available beyond 2024, due to the time required to reach a sufficient sample size and for sufficient time to pass once someone has been released from prison in order to measure whether they have reoffended. In these cases, the MoJ will use monitoring data and process evaluations to provide interim findings. By autumn 2024, outcomes data will inform early findings on the effectiveness of resettlement initiatives such as Prison Employment Leads, Employment Hubs and Resettlement Passports.

5.5 The agency is continuously developing and improving its evidence base on what works to reduce reoffending, which will inform the next spending review. Where impact and economic evaluations have concluded, the MoJ and HMPPS will consider whether the evidence supports continued investment. For interventions where evaluation is ongoing, it will review whether emerging evidence supports continuing the intervention until evaluation evidence is available to support ongoing investment.

6. PAC conclusion: unprecedented pressures on the prison estate threaten the quality of resettlement services today and in the future.

6. PAC recommendation: The Ministry of Justice should write to us within six months with its latest 5 to 10 year projections for:

- ***its prison population and its safe prison capacity;***
- ***bringing six new prisons online; and***
- ***the level of demand for resettlement services***

6.1 The government agrees with the Committee's recommendation.

Target implementation date: May 2024

6.2 The MoJ will respond to the Committee by the six-month deadline, setting out the projections for its prison population, bringing six new prisons online, and the level of demand for resettlement services.

6.3 In addition, the department will be publishing a new annual statement into prison capacity and an update on prison build, as announced to Parliament on 16 October 2023. This will include a clear statement of current prison capacity, future demand, and a forward pipeline of prison build, which will be independently scrutinised. Following publication of the annual statement, HMPPS will write to the Committee with further information in response to the recommendation above.

6.4 The department will also consider the level of demand for resettlement services alongside the National Audit Office report recommendation for longer term strategy on resettlement provisions.

Seventy-ninth report of Session 2022-23

Department for Energy Security and Net Zero, HM Treasury

Support for innovation to deliver net zero

Introduction from the Committee

In June 2019, Parliament passed an amendment to the Climate Change Act 2008 committing the UK to achieving net zero emissions by 2050. This will require the UK to reduce substantially its emissions from current levels, and the Government expects technological innovation to play a crucial part in the UK achieving this. In October 2021, The Government published its Net Zero Innovation Framework, setting out for the first time the 31 technology challenge areas it intends to support and the timescales within which it expects technological solutions to be delivered. In March 2023, the Government followed up the Framework with a delivery plan, setting out how government will prioritise investment into net zero innovation. The delivery plan set out £4.2 billion of government support, to be delivered across eight government departments, for the period from 2022 to 2025.

The newly formed Department for Energy Security & Net Zero (DESNZ) has responsibility for net zero policy, while the newly created Department for Science, Innovation & Technology (DSIT) has responsibility for supporting research and innovation and creating the underlying conditions for it to succeed. A host of public bodies may be involved in supporting the development and deployment of new technologies. This can range from UK Research and Innovation (UKRI) providing funding for research and the early stages of innovation, through to departmental policy teams creating the conditions to support market deployment, working with regulators and, for example, the UK Infrastructure Bank and British Business Bank.

Based on a report by the National Audit Office, the Committee took evidence on 15 June 2023 from the Department for Energy Security and Net Zero, the Department for Science, Innovation and Technology, and HM Treasury. The Committee published its report on 15 November 2023. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Support for innovation to deliver net zero – Session 2022-23 (HC 1321)
- PAC report: Support for innovation to deliver net zero – Session 2022-23 (HC 1331)

Government response to the Committee

1. PAC conclusion: Too often The Government's plans for supporting the progression of net zero technologies are short-term, which risks jeopardising efforts to attract the large amounts of private investment needed to achieve net zero by 2050.

1a. PAC recommendation: DESNZ, working with the Treasury, should set out its plans for supporting priority technologies beyond the confines of the spending review period, including, where appropriate, potential funding support.

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

Recommendation implemented

1.2 Departmental budgets are set at Spending Reviews to enable Ministers to consider the value for money of spending proposals across government priorities and within fiscal constraints, to ensure total spending is affordable. The government recognises the importance of long-term policy and funding certainty for net zero, particularly to mobilise private investment into the transition. The government's plans for all sectors of the economy are set out in Powering Up Britain, and government has provided targeted longer-term funding certainty to several priorities for net zero, including:

- Autumn Statement 2022 announced £6 billion of new government funding for energy efficiency, which will be made available from 2025 to 2028, in addition to £6.6 billion allocated this Parliament.
- Spring Budget 2023 confirmed up to £20 billion in long-term support for the early deployment of Carbon Capture, Usage and Storage (CCUS).
- At Autumn statement 2023, the government announced a £960 million Green Industries Growth Accelerator. This will support investments in manufacturing capabilities for the clean energy sectors where the UK can gain the clearest strengths: CCUS, hydrogen, offshore wind, electricity networks and nuclear.

1.3 On research and innovation (R&I), the government has committed £4.2 billion of funding support in the current Spending Review period (2022-2025), including the flagship £1 billion Net Zero Innovation Portfolio. More broadly, the government has steadily increased funding for R&I since 2016 and is committed to spending £20 billion per annum by 2024-25. The Prime Minister also recently announced an additional £150 million of long-term funding for the Green Future Fellowship, which will fund scientists and engineers to develop practical, breakthrough green technologies and climate change solutions.

1.4 In addition, government uses a range of policy levers to provide long term support, including the Contracts for Difference scheme for low-carbon electricity generation, through which generators have received almost £6 billion net in price support to date. Further, the government passed the Nuclear Energy (Financing) Act 2022, which enables new nuclear projects to benefit from a Regulated Asset Base model, reducing the cost of new build nuclear and providing certainty to private finance.

1b. PAC recommendation: [DESNZ] should explain how recent announcements to delay the phasing out of new fossil fuel vehicles and heating systems will impact on costs.

1.5 The government agrees with the Committee's recommendation.

Recommendation implemented

1.6 As the Prime Minister set out, the transition to net zero must be pragmatic, proportionate and credible, while taking into account that some measures under previous plans would have imposed significant upfront costs on families. For example, delaying the Electric Vehicle phase out date will allow consumers to choose the vehicle that best suits their budget, whether that means opting for an Electric Vehicle now or waiting to take advantage of falling prices over the coming decade.

1.7 The Zero Emission Vehicle mandate for the next seven years will require manufacturers to sell an increasing share of zero emission vehicles each year and help charge-point and car manufacturers develop their business plans and develop supply chains.

1.8 The government will also be introducing an exemption to the fossil fuel boiler phase out so that those households who cannot make the switch no longer need to. At the same time, the grants available for heat pumps have increased to £7,500, providing additional support to families to upgrade their heating systems. This, alongside policies such as the Clean Heat Market Mechanism, will grow the market, reducing prices in the long term.

1.9 The Climate Change Committee published analysis in October on the impact of these recent announcements, and from their 2023 Annual Progress Report, they have increased confidence in the UK meeting the forth Carbon Budget.

1.10 Through the *Net Zero Strategy* and *Powering Up Britain,* government has published two detailed plans setting out unprecedented levels of detail on the UK's plans to reach net zero. Each year the Department for Energy Security and Net Zero (DESNZ) publish updated forecasts of future emission projections and will continue to do so.

2. PAC conclusion: The Government is dependent on businesses delivering successful innovation to reach net zero, but too often it is difficult for businesses to know what support is available and how to access it.

2. PAC recommendation: Ahead of the next Spending Review, the Treasury, working with DESNZ and DSIT, should take the opportunity to review whether the current complex funding arrangements, which largely pre-date the development of the Innovation Framework, are best suited to supporting the fast-paced innovation needed to deliver many aspects of net zero.

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

Target implementation date: Summer 2024

2.2 The scale and breadth of the net zero transition means a wide range of programmes will likely continue to be required as we determine the pathways towards net zero that are most effective, sustainable and represent the best value for money.

2.3 The government recognises that the current funding landscape can be complex for businesses to navigate and has taken steps to improve accessibility and understanding of innovation funding support. This includes publishing the Net Zero Research and Innovation Framework Delivery Plan that details the allocation of £4.2 billion of spending and the resulting programmes being supported over the current Spending Review period, aligned to the priorities in the Net Zero Research and Innovation Framework. Innovate UK has also launched an Innovation Hub which aims to help businesses find public funding and support for innovation in one place.

2.4 The Net Zero Innovation Board, chaired by the Government Chief Scientific Advisor, will review the current net zero R&I portfolio and consider evidence to assess progress and emerging R&I challenges for support. This will inform future allocation decisions, recognising the fast-paced nature of innovation needed to deliver net zero.

3. PAC conclusion: We are not convinced that the Government is paying sufficient attention to the practical challenges consumers can face in adopting low carbon technologies and how to overcome them.

3. PAC recommendation: When it next reviews progress against the innovation priorities, DESNZ, working with other government departments, should commit to assessing specifically the challenges consumers might face in adopting new technologies and whether these are being adequately addressed when re-assessing priorities.

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

Target implementation date: Spring 2025

3.2 The Net Zero Strategy set out six clear principles on how the government will engage the public and support them to make green choices. This includes ensuring that green choices are affordable and easier to make.

3.3 In summer 2022 government launched a comprehensive energy advice service on GOV.UK to help consumers improve the energy performance of their homes, which is supported by a phoneline and in-person advice scheme.

3.4 The government has also spent over £2 billion to support the transition to zero emission vehicles. This funding has focused on reducing barriers to the adoption of such vehicles, including offsetting their higher upfront cost and accelerating the rollout of charge-point infrastructure.

3.5 Consumer interests and the potential challenges they face are a key consideration when designing R&I programmes. For example, through the £1 billion Net Zero Innovation Portfolio, the Heat Pump Ready programme tests how domestic heat pumps can be made more accessible, deployable and attractive to the consumer. Similarly, the Green Home Finance Accelerator develops new consumer finance models to make the initial capital required for building energy efficiency measures more accessible.

3.6 The government will further consider consumer challenges as it reviews progress against the innovation priorities. As part of this, DESNZ intends to publish an update on the Net Zero Research and Innovation Framework Delivery Plan by the end of the current Spending Review period in 2025.

4. PAC conclusion: Despite the Government's ambition to have an effective end-to-end innovation system, responsibility for overseeing progress is siloed, making it difficult to assess progress across each of the priority technology areas.

4. PAC recommendation: DESNZ, working with other departments, should identify clear responsibilities for overseeing cross-government progress on each of the net zero technologies. These responsibilities should include paying particular attention to whether factors that might impede deployment of viable technologies are being given early enough attention, for example by policy teams, regulators and the investment community.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2024

4.2 DESNZ has overall responsibility in government for the UK's net zero target and ensuring the whole of government works effectively to achieve it. The government has established arrangements for coordinating the main departments including the Domestic and Economic Affairs (Energy, Climate and Net Zero) Committee, chaired by the Deputy Prime Minister, responsible for considering matters relating to energy and to the delivery of the UK's domestic and international climate strategy.

4.3 Officials in DESNZ work with counterparts across government to coordinate action and manage cross-departmental risks and to ensure net zero is embedded in government policy and decision-making. The setting of common goals is also achieved through Outcome Delivery Plans, and the sector specific public commitments in the recent Net Zero Growth Plan, help to drive accountability for achieving net zero in each leading department.

4.4 For overall net zero delivery governance, the Net Zero Integrated Review Implementation sub-Group (sub-IRIG) comprises senior officials from across government with responsibility for establishing and implementing a cross-government net zero delivery strategy.

4.5 The Net Zero Innovation Board (NZIB), chaired by the Government Chief Scientific Adviser with representatives from across government, is responsible for providing coordinated and strategic oversight on net zero R&I programmes and ensuring alignment with government priorities.

4.6 A set of actions and responsibilities between the Sub-IRIG and NZIB will be agreed to strengthen governance around the end-to-end cross-government progress on net zero technologies. This will include identifying key interdependencies between R&I programmes and wider net zero policy, regulation and investment, and mitigating challenges as they are identified.

5. PAC conclusion: The Government has not yet defined what success will look like for the main net zero technology challenge areas and therefore lacks benchmarks with which to judge whether progress remains on track.

5. PAC recommendation: Government should define the outcomes, rather the outputs, that it is hoping to deliver from each technology in the short, medium and longer-term to enable it to benchmark progress and ensure that taxpayer support continues to be well targeted.

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

Target implementation date: Spring 2024

5.2 The Net Zero Innovation Board, through its Innovation Delivery Board sub-group, will consider challenge outcomes for the current government net zero R&I portfolio as set out in the Net Zero Research and Innovation Framework Delivery Plan and agree these by Spring 2024.

5.3 The Innovation Delivery Board will regularly monitor progress of the portfolio at each of its meetings. DESNZ intends to publish an update on the Net Zero Research and Innovation Framework Delivery Plan ahead of the next Spending Review. This will allow time for most of the current innovation programmes to complete and an initial assessment against intended outcomes to be considered.

6. PAC conclusion: A well-run innovation programme always carries with it the risk of failure, but government has yet to define what failure is tolerable overall before its net zero objectives are jeopardised.

6. PAC recommendation: In reporting on progress on the priority technologies, government should include its assessment of which technologies are likely to deliver within the timescales required and those it regards as higher risk.

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

Target implementation date: Spring 2024

6.2 The Net Zero Innovation Board, through its Innovation Delivery sub-group, will consider risk appetite and tolerance for programmes in the current net zero R&I portfolio as set out in the Delivery Plan and develop an overall government risk appetite statement by Spring 2024.

6.3 This Innovation Delivery Board will regularly monitor progress of the portfolio at each of its meetings. DESNZ intends to publish a progress update on the Net Zero Research and Innovation Framework Delivery Plan ahead of the next Spending Review. This will include a view on the progress and timescales for the development of different technologies.

7. PAC conclusion: There is no clear mechanism for reporting publicly progress in each of the priority technology areas.

7. PAC recommendation: For each of the technology areas, the Government should report publicly on progress against the measures of success that it has defined, to make it visible whether the initial expectations are being met.

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

Target implementation date: Spring 2025

7.2 DESNZ intends to publish an update on the Net Zero Research and Innovation Framework Delivery Plan's progress by the end of the current Spending Review period in 2025.

Treasury Minutes Archive[1]

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

Session 2022-23

Committee Recommendations: 540
Recommendations agreed: 481 (89%)
Recommendations disagreed: 59

Publication Date	PAC Reports	Ref Number
July 2022	Government response to PAC reports 1, 3 & 10	CP 722
August 2022	Government response to PAC reports 2, 4-8	CP 708
September 2022	Government response to PAC reports 9, 13-16	CP 745
November 2022	Government response to PAC reports 11, 12, 17	CP 755
December 2022	Government response to PAC reports 18-22	CP 774
January 2023	Government response to PAC reports 23-26	CP 781
February 2023	Government response to PAC reports 27-31	CP 802
March 2023	Government response to PAC reports 32-36	CP 828
May 2023	Government response to PAC reports 37-41	CP 845
June 2023	Government response to PAC reports 42-47	CP 847
July 2023	Government response to PAC reports 48-54	CP 902
August 2023	Government response to PAC reports 55-60	CP 921
September 2023	Government response to PAC reports 62-67	CP 941
November 2023	Government response to PAC reports 68-71	CP 968
January 2024	Government response to PAC reports 72-79	CP 1000

Session 2021-22

Committee Recommendations: 362
Recommendations agreed: 333 (92%)
Recommendations disagreed: 29

Publication Date	PAC Reports	Ref Number
August 2021	Government response to PAC reports 1-6	CP 510
September 2021	Government response to PAC reports 8-11	CP 520
November 2021	Government response to PAC reports 7,13-16 (and TM2 BBC)	CP 550
December 2021	Government response to PAC reports 12, 17-21	CP 583
January 2022	Government response to PAC reports 22-26	CP 603
February 2022	Government response to PAC reports 27-31	CP 631
April 2022	Government response to PAC reports 32-35	CP 649
April 2022	Government response to PAC reports 36-42	CP 667
July 2022	Government response to PAC reports 49-52	CP 722

Session 2019-21

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

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

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

Session 2019

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

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

Session 2017-19

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

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

Session 2016-17

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

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

Session 2015-16

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

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

Treasury Minutes Progress Reports Archive

Treasury Minutes Progress Reports provide updates on the implementation of recommendations from the Committee of Public Accounts. These reports are Command Papers laid in Parliament.

Publication Date	PAC Reports	Ref Number
December 2023	Session 2017-19: updates on 9 PAC reports Session 2019-21: updates on 2 PAC reports Session 2021-22: updates on 18 PAC reports Session 2022-23: updates on 48 PAC reports	CP 987
June 2023	Session 2013-14: updates on 1 PAC report Session 2017-19: updates on 11 PAC reports Session 2019-21: updates on 5 PAC reports Session 2021-22: updates on 29 PAC reports Session 2022-23: updates on 27 PAC reports	CP 847
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 PAC reports Session 2021-22: updates on 30 PAC 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 PAC reports Session 2021-22: updates on 5 PAC reports	CP 549
May 2021	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 0 PAC reports Session 2016-17: updates on 4 PAC reports Session 2017-19: updates on 47 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 28 PAC reports	CP 424
November 2020	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 0 PAC reports Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 reports	CP 313
February 2020	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 3 PAC reports Session 2016-17: updates on 14 PAC reports Session 2017-19: updates on 71 PAC reports	CP 221

March 2019	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 7 PAC reports Session 2016-17: updates on 22 PAC reports Session 2017-19: updates on 46 PAC reports	CP 70
July 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 9 PAC reports Session 2016-17: updates on 38 PAC reports Session 2017-19: updates on 17 PAC reports	Cm 9668
January 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 4 PAC reports Session 2015-16: updates on 14 PAC reports Session 2016-17: updates on 52 PAC reports	Cm 9566
October 2017	Session 2010-12: updates on 3 PAC reports Session 2013-14: updates on 7 PAC reports Session 2014-15: updates on 12 PAC reports Session 2015-16: updates on 26 PAC reports Session 2016-17: updates on 39 PAC reports	Cm 9506
January 2017	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 7 PAC reports Session 2015-16: updates on 18 PAC reports	Cm 9407
July 2016	Session 2010-12: updates on 6 PAC reports Session 2012-13: updates on 2 PAC reports Session 2013-14: updates on 15 PAC reports Session 2014-15: updates on 22 PAC reports Session 2015-16: updates on 6 PAC reports	Cm 9320
February 2016	Session 2010-12: updates on 8 PAC reports Session 2012-13: updates on 7 PAC reports Session 2013-14: updates on 22 PAC reports Session 2014-15: updates on 27 PAC reports	Cm 9202
March 2015	Session 2010-12: updates on 26 PAC reports Session 2012-13: updates on 17 PAC reports Session 2013-14: updates on 43 PAC reports	Cm 9034
July 2014	Session 2010-12: updates on 60 PAC reports Session 2012-13: updates on 37 PAC reports	Cm 8899
February 2013	Session 2010-12: updates on 31 PAC reports	Cm 8539

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