HM Treasury

Treasury Minutes Progress Report

Update of the Government responses to the Committee of Public Accounts on Sessions 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-19, 2019, 2019-21, 2021-22, 2022-23 and 2023-24

CP 1102 May 2024

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Updates of the Government responses to the Committee of Public Accounts on Sessions 2010-12 to 2023-24

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

This is the 20th edition in the series of progress reports since Session 2010-12. Further details of earlier responses to the Committee's recommendations can be found within the reports listed under the relevant reports heading for each report.

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

Reports completed

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

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

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

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

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

Reports completed

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

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

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

Reports completed

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

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

57	Ministry of Defence Equipment Plan 2013-2023 and major Projects Report 2013
58	Probation Landscape Review
59	Criminal Justice System
60	Promoting economic growth locally
61	Education Funding Agency and the Department for Education 2012-13 Financial Statements

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

Reports completed

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

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

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

Reports completed

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

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

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

Reports completed

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

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

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

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

Updates on reports with outstanding recommendations

	Report Title	Page
53	Ministry of Defence's contract with Annington Property Limited	21
67	Financial Sustainability of Police Forces	24
82	Windrush generation and the Home Office	26
114	Help to Buy: Equity Loan scheme	28
119	Serious and Organised crime	30

Reports completed

	Report Title
1	Tackling online fraud and error
2	Brexit and the future of customs
3	Hinkley Point C
4	Clinical correspondence handling at NHS Shared Business Services
5	Managing the costs of clinical negligence in hospital trusts
6	Growing threat of online fraud
7	Brexit and the UK border
8	Mental health in prisons
9	Sheffield to Rotherham tram-trains
10	High Speed 2: Annual Report and Accounts
11	Homeless households
12	HMRC Performance in 2016/17
13	NHS continuing healthcare funding
14	Delivering Carrier Strike
16	Government borrowing and the Whole of Government Accounts
17	Retaining and developing the teaching workforce
18	Exiting the European Union
19	Excess Votes 2016-17
20	Update on the Thameslink Programme

21	Nuclear Decommissioning Authority’s Magnox contract
23	Alternative higher education providers
24	Care Quality Commission: regulating health and social care
25	Sale of the Green Investment Bank
26	Governance and departmental oversight of the Greater Cambridge Greater Peterborough Local Enterprise Partnership
27	Government contracts for community rehabilitation companies
28	Ministry of Defence: acquisition and support of defence equipment
29	Sustainability and transformation in the NHS
30	Academy schools’ finances
31	Future of the National Lottery
32	Cyber-attack on the NHS
33	Research and development funding across Government
34	Exiting the European Union: Department for Business, Energy and Industrial Strategy
35	Rail franchising in the UK
36	Reducing modern slavery
37	Exiting the European Union: Department for Environment, Food and Rural Affairs and Department for International Trade
38	Adult Social Care Workforce in England
39	Defence Equipment Plan 2017-2027
40	Renewable Heat Incentive in Great Britain
41	Government risk assessments relating to Carillion
42	Modernising the Disclosure Barring Service
43	Clinical correspondence handling in the NHS
44	Reducing emergency admissions
45	Higher education market
46	Private Finance Initiative
47	Delivering STEM skills for the economy
48	Exiting the EU: the financial settlement
49	Progress in tackling online VAT fraud
50	Financial sustainability of local authorities

51	BBC commercial activities
52	Converting schools to academies
55	Employment and Support Allowance
56	Transforming courts and tribunals
57	Supporting Primary Care Services: NHS England's contract with Capita
58	Strategic suppliers
59	Skills Shortages in the Armed Forces
60	Ofsted inspection of schools
61	MOD Nuclear Programme
62	Spending on generic medicines in primary care
63	Interface between health and adult social care
64	Universal Credit
65	Nuclear Decommissioning Authority: risk reduction at Sellafield
66	HMRC's performance in 2017-18
68	DEFRA's progress towards Brexit
69	Sale of Student Loans
70	Department for Transport's Implementation of Brexit
71	Department for Health and Social Care accounts
72	Mental Health Services for children and young people
73	Academy Accounts & Performance for year end 31 August 2017
75	Pre-appointment hearing – preferred candidate for Comptroller and Auditor General – No recommendations to answer
76	Local Government Spending
77	Defence Equipment Plan 2018-28
78	Improving Government planning and spending
79	Excess Votes 2017-18
80	Capita's contract with the Ministry of Defence
81	Rail Management and timetabling
83	Clinical Commissioning Groups
84	Bank of England's central services – recommendations for BoE
85	Auditing Local Government
86	Brexit and UK Border: further progress review

87	Renewing the East Enders set – recommendations for BBC
88	Transforming children's services
89	Public cost of decommissioning oil and gas infrastructure
90	BBC Engagement with Personal Services – recommendations for BBC
91	NHS Financial sustainability: progress review
93	Disclosure Barring service progress review
94	Transformation rehabilitation progress review
95	Assessing Public Services through The Government Verify Digital System
96	Adult health screening
97	Local government governance and accountability
98	The apprenticeships programme: progress review
99	Cyber Security in the UK
100	NHS waiting times for elective and cancer treatment
102	Military Homes
103	Planning and the broken housing market
104	Transport infrastructure in the southwest
105	Local Enterprise Partnerships: progress review
106	Eurotunnel and the UK border: out of court settlement with Eurotunnel
107	Consumer Protection
108	Emergency Services Network: further progress review
110	Sale of public land
111	Funding for Scotland, Wales and Northern Ireland
112	Brexit consultancy costs
113	Network Rail's sale of railway arches
115	Penalty charge notices
116	English language tests for overseas students
117	The effectiveness of Official Development Assistance expenditure
118	Challenges in using data across Government

Fifty-third Report of Session 2017-19

Ministry of Defence

Ministry of Defence's contract with Annington Property Limited

Introduction from the Committee

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

Relevant reports

- NAO report: Ministry of Defence's arrangement with Annington Property Limited Session 2017-19 (HC 762)
- PAC report: Ministry of Defence's contract with Annington Property Limited Session 2017-19 (HC 974)
- Treasury Minutes: October 2018 (Cm 9702)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- Treasury Minutes Progress Report: February 2020 (CP 221)
- Treasury Minutes Progress Report: November 2020 (CP 313)
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 987 above), the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2024
Original target implementation date: Summer 2023

1.2 The Ministry of Defence (the department) closed the Site Rent Review (SRR) and completed negotiations with Annington Property Limited (APL) in December 2021. A Written Ministerial Statement was laid in Parliament in January 2022, providing the outcome of the SRR and subsequent steps taken.

1.3 APL (and other group companies) have challenged the department's right to enfranchise in the Chancery Division (with a property law challenge to the validity of the notices served) and in the Administrative Court (by way of a Judicial Review of the decision to serve the notices). The department defended both sets of proceedings. The trial was held 13-17 February 2023 with Judgement being handed down on 15 May 2023 which saw the department succeeding on all grounds meaning that the department acted lawfully in seeking, successfully, to establish its right to enfranchisement. A further Written Ministerial statement was laid on 22 May 2023, updating Parliament.

1.4 APL applied for permission to appeal the decision of the High Court. This application was refused in its entirety. APL then applied to the Court of Appeal for permission to appeal the decision of the High Court. The Court of Appeal have granted APL permission to appeal on a limited number of grounds, on the basis of their wider public importance. The appeal hearing has been listed on w/c 22 July 2024 for 2.5 days.

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

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

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: November 2026
Original target implementation date: March 2022

5.2 The 10% void target by March 2022 was agreed with the Committee in response to the Committee's report: Ministry of Defence's contract with Annington Property Limited.

5.3 Due to the expected increase in Service Family Accommodation (SFA) demand under the Modernised Accommodation Offer (MAO), (previously known as the New Accommodation Offer), the date for achievement of the 10% target was revised to November 2026 to align with the project.

5.4 As at April 2024, the void rate is 17.99%, or 8579 of the 47,679 SFA properties. This is a reduction of 1.34% since last reported to the Committee in September 2023 and is a result of disposals and increased occupancy of refurbished properties.

5.5 Concurrently, Defence Infrastructure Organisation (DIO) has ringfenced 700 void SFA in support of the Afghan Relocation and Assistance Policy (ARAP), of which 480 are already leased. 200 SFA are being used for transitional accommodation for 3 – 6 months for the same scheme and another c700 void SFA have been identified for future ARAP use.

5.6 Reaching a 10% void rate by November 2026 is achievable, albeit the date that MAO reaches peak demand at its Full Operational Capability (previously November 2026) may now change as elements of the project undergo a pause and review. Achieving the target 10% is also predicated upon the materialisation of modelled demand, and sufficient additional funding to return in excess of 3,000 SFA to an acceptable condition to satisfy this demand.

Sixty-seventh Report of Session 2017-19

Home Office

Financial sustainability of police forces in England and Wales

Introduction from the Committee

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

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

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

Relevant reports

- NAO report: Financial sustainability of police forces in England and Wales 2018 - Session 2017–19 (HC 1501)
- PAC report: Financial sustainability of police forces in England and Wales - Session 2015–16 (HC 288)
- PAC report: Financial Sustainability of police forces – Session 2017-19 (HC 1513)
- Treasury Minute: Sixty-Seventh Report of Session 2017-19 (CP 79)
- Treasury Minutes Progress report: February 2020 (CP 221)
- Treasury Minutes Progress Report: November 2020 (CP 313)
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987), the remaining recommendation is updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Since the last update to the Committee in December 2023, the Police Funding Formula Review has completed the technical review phase. The next Spending Review is the right time to move forwards on whether to introduce any of those new arrangements, alongside further consultation, and by implementing at that time the government will ensure financial certainty for forces.

3.3 The Home Office has engaged closely with the policing sector throughout the review and will ensure in implementation that it delivers a robust, future-proofed funding formula that allocates funding in a fair and transparent manner.

Eighty-second Report of Session 2017–19

The Home Office

Windrush generation and the Home Office

Introduction from the Committee

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

Relevant reports

- NAO report: Handling of the Windrush situation Session - 2017-19 (HC 1622)
- PAC report: Windrush generation and the Home Office - Session 2017-19 (HC 518)
- Treasury Minute: Session 2017-19 (CP113)
- Treasury Minute Progress Report: February 2020 (CP 221)
- Treasury Minutes Progress Report: November 2020 (CP 313)
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

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

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

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: October 2024
Original target implementation date: March 2020

2.2 Operational delivery of new Atlas products and functionality into live service has continued.

2.3 The Home Office has revised the target implementation date for decommissioning the Case Information Database (CID) to October 2024 in order to prioritise the technical delivery for the IMA (Illegal Migration Act). The delivery of government priorities, such as IMA, Brexit, Ukraine Visa scheme, ETAs and eVisas means that resources, both in the development teams and in the test pipeline, need to be prioritised on to this work, which has resulted in the date for CID decommissioning being moved back.

2.4 Access to the legacy CID will be restricted to read-only for all users before the legacy system is decommissioned. This has already occurred for all Border Force and Immigration Enforcement Officers.

2.5 Migration of Work in Progress cases from CID to Atlas has continued and will be completed in July 2024.

One Hundred and Fourteenth Report of Session 2017-19

Ministry of Housing, Communities and Local Government and Homes England

Help to Buy: Equity Loan scheme

Introduction from the Committee

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

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

Relevant reports

- NAO report: Help to Buy: Equity loan scheme – progress review. Session 2017-19 (HC 2216)
- PAC report: Help to Buy: Equity loan scheme: Session 2017-19 (HC 2046)
- Government independent review: Evaluation of the Help to Buy Equity Loan Scheme 2017 published in October 2018
- Treasury Minute: January 2020 (CP 210)
- Treasury Minutes Progress Report: November 2020 (CP 313)
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 987 above), the remaining recommendations are updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2024
Original target implementation date: Autumn 2021

3.2 The original target implementation date for this evaluation was Autumn 2021. However, it was agreed between the Department for Levelling up Housing and Communities (formerly known as the Ministry of Housing, Communities and Local Government) and the Committee that, as a previous evaluation for the Help to Buy 1 scheme had already been used to inform the design of the Help to Buy 2 scheme, the next meaningful evaluation opportunity would be the end of that scheme. The scheme was closed on 31 May 2023.

3.3 At the last update, the department noted that, following the extension and subsequent end of the scheme in May 2023, it had secured the dedicated resource needed to take this evaluation forward and was planning to issue a tender in early 2024, with a revised target date for publishing the final evaluation of Autumn 2024.

3.4 This tender was launched in March 2024 with the aim of having a supplier in place in May 2024. With the tender launching on time the department's target implementation date remains the same. However, questions submitted by potential suppliers within the tender process suggest that suppliers may recommend longer timescales are needed to deliver a fully comprehensive, high quality evaluation. The department will agree timings with the successful supplier and will write to the Committee if a revised target date is necessary.

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

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

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2024
Original target implementation date: Autumn 2021

5.2 The department remains committed to undertaking a further evaluation (see response to Recommendation 3a above). This work will examine the new-build premium and the impact of Help to Buy. The department asked for the timetable for this work to be moved due to the extension of the Help to Buy 2 scheme. The department has now secured the dedicated resource needed to take this evaluation forward and issued a tender for an evaluation partner in March 2024. As in the previous update, its current target date for publishing the final evaluation is Autumn 2024.

One Hundred and Nineteenth Report of Session 2017-19

The Home Office

Serious and Organised Crime

Introduction from the Committee

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

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

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

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

Relevant reports

- NAO report: Tackling serious and organised crime Session 2017–19 (HC 2219)
- PAC report: Serious and Organised Crime Session 2017-19 (HC 2049)
- Treasury Minute: Session 2017–19 (CP210)
- Letter from Home Office Permanent Secretary to PAC Chair 16 January 2020
- Letter from Home Office Permanent Secretary to PAC Chair 9 April 2020
- Letter from Home Office Permanent Secretary to PAC Chair 16 July 2020
- Treasury Minutes Progress Report: November 2020 (CP 313)
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

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

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

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The outcome of the Policing Protocol consultation was published on Gov.UK on 12 June 2023. The Policing Protocol Order 2023 came into force on 3 July 2023. This fulfils the recommendation arising from Part One of the Police and Crime Commissioner (PCC) Review to consult on potential changes to the Policing Protocol to provide a "bright-line" on the boundaries of operational independence and reflect changes in the relationship between the parties to the Policing Protocol which have taken place over time.

5.3 The Policing Protocol Order 2023 ensures that the roles and responsibilities within policing are accurately reflected and seeks to reflect better the Home Secretary's role in the policing system. This includes the Home Secretary's role in setting the strategic direction on national policing policy and their ability to request information about policing matters as part of their duty to be accountable to Parliament for safeguarding the public and protecting national security.

5.4 New guidance on the core role of Police and Crime Commissioners (PCCs) was published on 11 April 2024. This fulfils the recommendation arising from Part One of the Police and Crime Commissioner (PCC) Review for the Home Office to work closely with the Association of Police and Crime Commissioners (APCC) to jointly develop non-statutory guidance on the core elements of the PCC role.

5.5 As part of a Home Office grant to support the work of the APCC in 2023, the Home Office agreed for the APCC to take on responsibility for publishing the PCC guidance ahead of the May 2024 PCC elections.

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

Reports completed

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

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

Updates on reports with outstanding recommendations

Reports completed

#	Report Title
1	Support for children with special educational needs and disabilities
2	Defence Nuclear Infrastructure
3	High Speed 2: Spring 2020 Update
4	EU Exit: Get ready for Brexit Campaign
5	University Technical Colleges
6	Excess Vote 2018-19
7	Gambling regulation: problem gambling and protecting vulnerable people
8	NHS Capital Expenditure and Financial Management
9	Water supply and demand management
10	Defence capability and Equipment Plan
11	Local Authority Investment in Commercial Property
12	Management of Tax Reliefs
13	Whole of Government Response toCOVID-19
14	Readying the NHS and social care for the COVID-19 peak
15	Improving the Prison Estate
16	Progress in remediating dangerous cladding
17	Immigration enforcement
18	NHS Working Workforce
19	Restoration and renewal of the Palace of Westminster – reported direct to PAC
20	Tackling the tax gap
21	Government Support for UK Exporters
22	Digital Transformation in the NHS
23	Delivering Carrier Strike
24	Selecting Towns for the Towns Fund
25	Asylum accommodation and support transformation programme

26	Department for Work and Pensions Accounts 2019-20
27	COVID-19: Supply of Ventilators
28	The Nuclear Decommissioning Authority's Management of the Magnox contract
29	Whitehall preparations for EU Exit
30	Production and distribution of cash
31	Starter Homes
32	Specialist skills in the civil service
33	COVID-19 Bounce Back loan
34	COVID-19 Support for jobs
35	Improving broadband
36	HMRC performance 2019-20
37	Whole of Government accounts 2018-19
38	Managing colleges financial sustainability
39	Lessons learned from major projects and programmes
40	Achieving government long term environmental goals
41	COVID-19: the free school meals voucher scheme
42	COVID-19 procurement and supply of PPE
43	COVID-19: planning for a vaccine – Part 1
44	Excess Votes 2019-20
46	Achieving net zero
47	COVID-19: test and trace – Part 1
48	Digital services at the border
49	COVID-19: housing people sleeping rough
50	Defence equipment plan 2020-30
51	Managing the expiry of PFI contracts
52	Key challenges facing the Ministry of Justice
53	COVID-19: supporting the vulnerable during lockdown
54	Improving the singling living accommodation for service personnel

Forty-fifth Report of Session 2019-21

The Department for Environment, Food & Rural Affairs

Managing Flood Risk

Introduction from the Committee

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

Relevant reports

- NAO report: Managing flood risk – Session 2019-21 (HC 962)
- PAC report: Managing flood risk – Session 2019-21 (HC 931)
- Treasury Minutes: May 2021
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 987 above), the remaining recommendations are updated below.

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

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

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Department for Environment, Food and Rural Affairs (DEFRA) has completed an assessment of local flood and coastal risk compared to local authority spend which was published on 25 March 2024. The analysis found that between 2008-09 and 2021-22 revenue spend by local authorities on flooding and coastal erosion risk management (FCERM) increased from £90 million to £134 million - almost 50% in nominal terms. The government has committed to keep the findings of this assessment under review as further data emerges.

2.3 The 'shortfall in private sector contributions' aspect of this recommendation has been implemented since the launch of the £100 million Frequently Flooded Allowance (FFA). The FFA aims to support schemes in communities have frequently flooded but which struggle to secure private sector or alternative sources of funding.

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

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

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The government's response to the National Infrastructure Commission's study about reducing the risk of surface water flooding was published on 14 March 2024 on Gov.UK. The response sets out that, following extensive engagement with 100 flood and coastal erosion risk management stakeholders, the government has selected a small set of national indicators which cover all sources of flood risk and will provide an improved understanding of progress to create a more resilient nation. The indicators measure progress against a wider range of flood resilience actions. These are:

- properties better protected from flooding through defences, (this includes homes and non-residential properties)
- asset condition,
- planning applications granted against flood risk advice and
- availability and take up of flood warnings.

The Environment Agency has already begun to integrate the national indicators within its annual flood and coastal erosion risk management report. This annual report also includes hectares of agricultural land and kilometres of road and rail infrastructure better protected from flooding.

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

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

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The government uses a partnership funding approach to allocate grant in aid to floods projects, with households in deprived communities receiving higher payment rates. Since the start of the current capital programme in 2021, the Environment Agency has published data on flood and coastal erosion risk management work carried out by risk management authorities annually, including the investment and outcomes (properties better protected) in deprived areas and across regions.

6.3 Defra has completed an assessment of investment in deprived areas from the flood capital programmes which was published on 25 March 2024. The analysis shows that of all households better protected from flooding and coastal erosion, the proportion that were in the 20% most deprived areas in England rose from 9.2% in 2011-12 to a peak of 43.4% in 2015-16. The level then plateaued to around 30% for the next 4 years before falling to 25% in 2020-21. The first 2 years of the current 6-year investment programme (2021 to 2023) have shown an average of 21% of households better protected are from the 20% most deprived areas.

6.4 The report concludes that the most deprived areas get a proportionately higher level of investment than less deprived areas, and relative to their risk of flooding. Evidence shows that investment in deprived areas has increased since the policy to award higher payment rates to these areas was introduced in 2011. The report concludes that no structural issues exist for floods investment levels into the more deprived areas.

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

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

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

8.1 The government agrees with the Committee’s recommendation.

Revised target implementation date: Autumn 2024
Original target implementation date: end of 2023 – subject to the passage of the Levelling Up and Regeneration Bill.

8.2 The Levelling Up and Regeneration Act 2023 includes powers to enable a more data-driven planning system. These powers include the ability to set consistent data standards across the planning system, and to require local authorities to openly publish planning data. This will provide greater transparency and enable any development which is allowed in areas of flood risk to be identified more easily. There will be an incremental approach to the rollout of data standards across the planning system based on each planning policy area, and DLUHC anticipate the first set of data standards to be mandated in July 2024. The introduction of data standards is dependent on implementation timelines for each individual planning policy area.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2021-22

Updates on reports with outstanding recommendations

Reports completed

#	Report Title
2	BBC strategic financial management (responded directly to the Committee)
3	COVID-19: Support for children's education
4	COVID-19: Local Government finance
5	COVID-19: Government support for charities
6	Public Sector pensions
8	COVID-19 Culture recovery fund
9	Fraud and Error
10	Overview of the English Rail System
11	Local auditor reporting on local government in England
12	COVID-19 Cost tracker update
13	Initial lessons from government response to COVID-19 pandemic
14	Windrush compensation scheme
15	DWP employment support
16	Principles of effective regulation

17	HS2 Summer 2021
18	Government delivery through arms-length bodies
19	Protecting consumers from unsafe products
20	Optimising the Defence estate
21	School funding
22	Improving the performance of major defence equipment contracts
23	Test and Trace update
24	Crossrail – progress update
25	DWP accounts – fraud and error in the benefits system
26	Lessons from Grensill Capital: accreditation to business support schemes
27	Green Homes Voucher Scheme
28	Efficiency in government
30	Challenges in implementing digital change
31	Environmental land management scheme
32	Delivering gigabit-capable broadband
33	Underpayments of the State Pension
34	Local government financial system: overview and challenges
35	The pharmacy earlier payment and salary advance schemes in the NHS
38	COVID-19 cost tracker update
39	DWP Employment kickstart scheme
40	Excess Votes 2020-21 – Serious Fraud Office
45	Progress with trade negotiations
46	Government preparedness for the COVID-19 pandemic – lessons for government on risk
47	Academies sector annual report and accounts 2019-20
48	HMRC's management of tax debt
50	Bounce back loans scheme – follow up
51	Improving outcomes for women in the Criminal Justice System
52	Ministry of Defence Equipment Plan 2021

First Report of Session 2021-22

Department for Transport and the Department for Business, Energy & Industrial Strategy

Low Emission Cars

Introduction from the Committee

Transport is the UK's largest source of carbon emissions, with road transport being a substantial contributor. The government is trying to increase the number of ultra-low emission and zero-emission cars on the road as a way of reducing carbon emissions. Up to March 2020, it had spent £1.1 billion on a range of consumer grant schemes and an awareness campaign to encourage people to make the switch. This aim is not new; previous governments have been promoting ultra-low emission cars since 2011, with the Departments for Transport and for Business, Energy & Industrial Strategy creating a team called the Office for Zero Emission Vehicles to support the transition. In November 2020, government announced its ambition to stop the sale of new cars that are powered solely by petrol or diesel by 2030. From 2035, only new zero-emission cars can be sold.

Relevant reports

- NAO report: Reducing Carbon Emissions from Cars - Session 2019-21 (HC 1204)
- PAC report: Low Emission Cars - Session 2021-22 (HC 186)
- Treasury Minute: August 2021: (CP 510)
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the government response to the Committee

Following the government's last response to the Committee on this report: (CP 987 above), the remaining recommendation is updated below by the Department for Transport (on behalf of the Department for Environment, Food & Rural Affairs (DEFRA)).

4: PAC conclusion: The Departments have not yet demonstrated how they are going to encourage industry to maintain proper environmental and social standards throughout their supply and recycling chains as the zero-emission car market grows.

4: PAC recommendation: The Departments for Transport and for Business, Energy & Industrial Strategy should set out their approach to encouraging car manufacturers to maintain proper environmental and social standards throughout their supply and recycling chains as zero-emission cars volumes grow. This includes as examples:

- ***publishing information on lifecycle emissions;***
- ***details of relevant reporting standards for manufacturers on environmental and social stewardship; and,***
- ***future plans to develop the reporting standards.***

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Winter 2024
Original target implementation date: Winter 2022

4.2 The Department for Environment, Food & Rural Affairs (DEFRA) remains committed to publishing a consultation on domestic batteries legislation to ensure there is an appropriate legal framework governing increasing numbers of EV batteries. This consultation is expected to be published in 2024 and will cover both the Waste Batteries and Accumulators Regulations 2009 and the Batteries and Accumulators (Placing on the Market) Regulations 2008. The department intends to consult on a range of proposals that will strengthen the existing system of producer obligations in line with the polluter pays principle and help to ensure that the future batteries regulations are compatible with our circular economy objectives, including the required recycling efficiencies that will apply for batteries at end-of-life. The revised target implementation date was the result of needing to gather additional data to support the Impact Assessment, and the department has subsequently had to prioritise existing resources towards planned regulatory reform elsewhere, in line with the needs of wider government business.

Seventh Report of Session 2021-22

Department of Health and Social Care and Department for Levelling Up, Housing and Communities

Adult Social Care Markets

Introduction from the Committee

Adult social care includes social work, personal care and practical support for adults with a physical disability, a learning disability, or physical or mental illness, as well as support for their carers. Family or friends provide most care unpaid. The Department of Health and Social Care (the Department) is responsible for setting national policy and the legal framework. The Ministry of Housing, Communities and Local Government (the Ministry [and now the Department for Levelling Up, Housing and Communities]) oversees the distribution of funding to local government and the financial framework within which local authorities operate. In 2019–20, local authorities commissioned care for 839,000 adults; spending a net £16.5 billion on care, 4% less in real terms than in 2010–11. They commission most care from independent providers. The Care Quality Commission (CQC) regulates providers for quality and also oversees the financial resilience of large providers. Many people arrange and pay for their care privately. If current (pre-COVID-19) patterns of care and current funding systems continue, the Department projects there will be a 29% increase in the number of adults aged 18 to 64 and a 57% increase in the number of adults aged 65 and over requiring care by 2038 compared with 2018.

Relevant reports

- NAO report: The Adult social care market in England – Session 2019-21 (HC 1244)
- PAC report: Adult Social Care Markets – Session 2021-22 (HC 252)
- Treasury Minute Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Correspondence to PAC: dated 30 October 2023
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last progress update to the Committee on this report: (CP 987 above), the remaining recommendations are updated below:

5: PAC conclusion: The Department of Health and Social Care has had poor oversight over local authorities' provision of care and appears complacent about the risks of local market failure.

5: PAC recommendation: Alongside the proposed Health and Care Bill, the Department of Health and Social Care should set out how it will support Care Quality Commission and local government to carry out their new duties; and ensure there is better readiness for local market failure.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Care Quality Commission's (CQC) local authority (LA) assessment framework went live on 1 April 2023. The CQC completed five (voluntary) pilot assessments, the reports of which were published on 17th November 2023. CQC's evaluation of these pilots has informed their formal assessment approach. Formal assessments started in December 2023, and are now rolling out to all 153 local authorities over an approximate two-year period.

5.3 Building on the £16 million funding provided in 2023-24, in 2024-25, the Department of Health and Social Care intends to provide over £17 million to expand the package of improvement support for LAs, including: facilitating peer collaboration; providing best practice examples; toolkits; training; and hands-on support. This includes support on commissioning, market shaping, contingency planning and mitigating market failure. In August 2023, the department published a new adult social care intervention framework for LAs. This set out processes to provide support, guidance and challenge to authorities failing to deliver duties under the Care Act 2014.

5.4 The CQC's Market Oversight Scheme continues to monitor the financial health of the largest and most difficult-to-replace adult social care (ASC) providers. This allows CQC to notify the department and impacted LAs if a provider is likely to fail and services are likely to cease, giving LAs time to stand up their contingency plans and to minimise disruption to people's care. Additionally, the department works closely with a range of partners, including the CQC, to actively monitor the sustainability of the ASC sector and readiness of LAs to respond to a wide range of eventualities, including major provider failure.

6: PAC conclusion: Neither local authorities nor people paying for care have access to clear information on what they get for their money.

6a: PAC recommendation: From April 2022, all providers should give clear and comparable information over fee levels.

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: March 2025
Original target implementation date: October 2023

6.2 Although the government originally accepted the Committee's recommendation, it has previously disagreed with the proposed implementation date.

6.3 In response to the Competition and Markets Authority's (CMA) 'Care homes Market study, final report', the government agreed that there is a need to support those entering care to make informed decisions, ensure that those in care are sufficiently empowered, and to protect care home residents and families from unfair practices.

6.4 The government has been considering a new requirement for CQC registered adult social care providers to be more transparent about their fees. Any new requirement would require a legislative change and the department is therefore considering this change as part of wider work to amend existing CQC regulations.

6.5 There have been important developments in this area since the Committee made its recommendation, and which should be taken into account in making this decision. The CMA has published updated guidance explaining how care homes should provide information about their fees and services in advance. Meanwhile the push towards more digital information has seen a rise in the number of care homes choosing to publish their fees, and the availability of online comparison sites.

6.6 The March 2025 date for completing a set of amendments to CQC regulations, is driven by the expiry date of 31 March 2025 in the Health and Social Care Act 2008 (Regulated Activities) (Amendment) Regulations 2021. The department must remove the expiry date clause by 31 March 2025 and at the same time will take the opportunity to make any other amendments to CQC regulations. This work is being actively taken forward.

Twenty-ninth Report of Session 2021-22

Home Office

National Law Enforcement Data Programme (NLEDP)

Introduction from the Committee

The Police National Computer (PNC) is the most important national police information system in the UK. Introduced in 1974, it is the main database for criminal records and is used daily by police officers across the UK's 45 police forces, and by a range of other Government organisations. The Police National Database (PND), introduced in 2011, is a national intelligence-sharing system used across police forces and other Government organisations such as the National Crime Agency and Security Services. As these are both national systems, the Department has responsibility for their operation, maintenance, and replacement. In 2014, the Department decided that the existing PNC and PND systems should be replaced by a single, modern cloud-based system which would meet the evolving needs of its users and be more adaptable to future requirements. Consequently, it launched the National Law Enforcement Data Programme in 2016, with the aim of delivering the new system by 2020 at a cost of £671 million.

Relevant reports

- NAO report: The National Law Enforcement Data Programme – Session 2021-22 (HC 663)
- PAC report: The National Law Enforcement Data Programme – Session 2021-22 (HC 638)
- Treasury Minutes: February 2022 (CP 631)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 987 above), the remaining recommendation is updated below:

5: PAC conclusion: The Department does not yet have a plan for maintaining the PND and combining its data with NLEDS in future.

5: PAC recommendation: The Department should write to the Committee when it has an approved business case for the PND setting out its plan, milestones and budget for expanding the use of the PND and ensuring police will be able to access PND data via NLEDS.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Police National Database (PND) 1.5 Transformation Programme business case was approved by the Home Office Investment Committee on 18 January 2024.

5.3 The objective of the programme is to ensure continuity of the PND by extending its service life through moving to the Cloud, addressing technical debt and transforming the service to better scale and meet the needs of policing. Moving to the Cloud will allow federated searches with more data sets, provide modern tooling for data quality, security and audit management as well as better enabling the future development of PND capability.

5.4 The whole-life cost of the programme is £301 million, excluding optimism bias. This secures the availability of the PND service for the 10+ year horizon and will facilitate the future integration of PND and National Law Enforcement Data Service (NLEDS). The plan and milestones have been shared with the Committee and the department expects PND 1.5 to go live in summer 2025.

Thirty-sixth Report of Session 2021-22

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

EU Exit: UK Border

Introduction from the Committee

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

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

Relevant reports

- NAO report: The UK border: Post UK-EU transition period – Session 2021-22 (HC 736)
- PAC report: EU Exit: UK Border – Session 2021-22 (HC 746)
- Treasury Minute: April 2022 – Session 2021-22 (CP 667)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation has been updated by the Home Office.

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

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

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: November 2024
Original target implementation date: October 2022

1.2 Previous government responses covered scenario planning and modelling for passenger volumes in 2022, 2023 and 2024. Department for Transport and Home Office analyst teams continue to model passenger volumes into late 2024 and 2025 to aid planning for both the Entry Exit System (EES) implementation and seasonal peaks as part of business-as-usual work. Additionally, they are working with the Kent Resilience Forum and Kent County Council to plan and mitigate potential delays at peak periods.

1.3 The EU Justice and Home Affairs Council has confirmed implementation will be in Autumn 2024, most likely October or November.

1.4 The Home Office is the lead government department for EES, and is working closely with Department for Transport, Cabinet Office and the Foreign, Commonwealth and Development Office to coordinate government mitigations to EES.

1.5 The government continues to engage with Port of Dover, Eurostar / High Speed1 (St Pancras) and EuroTunnel / Getlink to understand and support their implementation and testing plans which are progressing. The government is also working closely with the French Ministry of Interior and are engaging with the European Commission.

Thirty-seventh Report of Session 2021-22

HM Revenue and Customs

HMRC Performance in 2020–21

Introduction from the Committee

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

Relevant reports

- NAO report: HM Revenue and Customs annual report and accounts 2020-21
- PAC report: HMRC Performance in 2020-21 – Session 2021-22 (HC 641)
- Treasury minute response: April 2022
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

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

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

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

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: 2024
Original target implementation date: Winter 2023

2.2 HMRC's approach to Research and Development tax reliefs was published on 17 July 2023, setting out the scale and shape of non-compliance in the Research & Development

(R&D) schemes, action taken by the government to date and how HMRC is tackling error and fraud.

2.3 HMRC wrote to the Committee in December 2023 setting out that it would not meet its previously stated implementation date for this commitment of winter 2023, but will share a further plan for improving compliance in R&D tax reliefs as part of the Annual Report and Accounts publication.

Forty-first Report of Session 2021-22

Department for Business, Energy & Industrial Strategy and HM Treasury

Achieving Net Zero: Follow up

Introduction from the Committee

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

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

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

Relevant reports

- NAO report: Achieving Net Zero – Session 2019-2021 (HC 1035)
- PAC report: Achieving Net Zero: Follow Up – Session 2021-22 (HC 642)
- Treasury Minute: April 2022 Session 2021-22 (CP 667)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987), the remaining recommendation is updated below by the Department of Energy Security and Net Zero.

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

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

6.1 The government agrees with the committee's recommendation.

Target implementation date: Winter 2024

6.2 Initial actions have been delivered to the existing target implementation date, including through the response to the Carbon Leakage consultation. Further work and implementation of the policy will continue on an ongoing basis.

6.3 The government published its response to the Carbon Leakage consultation in December 2023, where it committed to developing policies on an emissions reporting framework for industrial products, and on labelling and voluntary product standards policies. These policies aim to increase demand for low carbon industrial products by enabling producers to better communicate the embodied emissions of their products, and to empower buyers of industrial products to make more informed decisions about the environmental impacts of their purchases. These measures will be subject to further technical consultation in 2024.

6.4 The government is now pursuing further research on ecolabel utility to determine how to maximise effectiveness and minimise barriers for businesses and consumers.

6.5 Defra is currently focusing on tackling two challenges which are critical to achieving the goal to reduce the potential for misleading or false environmental claims to consumers - a lack of consensus on how to quantify product level environmental impacts fairly and accurately, and the insufficient availability and quality of data used to inform these assessments. Work is ongoing to address the current data challenges, and to develop and consult on proposals for food and drink eco-labelling.

6.6 The latest data covering the UK and England's carbon footprint 2020 was published on Gov.UK on 7 June 2023.

Forty-second Report of Session 2021-22

Department for Education

Financial sustainability of schools in England

Introduction from the Committee

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

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

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

Relevant reports

- NAO report: Financial sustainability of schools in England – Session 2022-23 (HC 570)
- PAC report: Financial Sustainability of Schools in England – Session 2022-23 (HC 650)
- Treasury Minutes: 26 April 2022 (CP 667)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: end of 2024
Original target implementation date: March 2023

1.2 This year, overall school funding is increasing by more than £2.9 billion compared to 2023-24. School funding will be £60.7 billion – this will mean that school funding, in real terms per pupil, will be at its highest ever level in 2024-25. The Department for Education (the department) monitors variations in financial health with respect to both geography and school phase, and publishes detailed information on income, expenditure and revenue reserves of local authority-maintained schools that can be analysed by geographical area or phase. The latest data is published at LA and school expenditure, Financial year 2022-23 – Explore education statistics.

1.3 As part of its research on the impact of financial pressures, the department has collected perspectives on financial health and explanatory factors from local authority-maintained schools, and academies, in different geographical areas. The department wrote to the Committee on 27 April 2023 explaining the delay from the original target implementation date of March 2023.

1.4 Initial fieldwork was carried out in July 2023. This was a time of considerable uncertainty for schools and, given the atypical economic conditions in which it was carried out, this research may not be representative. The department therefore intends to extend the research to provide a fuller picture of schools' responses to cost pressures over a longer period when they had fuller information on their budgets. This will include new fieldwork designed to test whether the prospective plans that were reported at that time were delivered or alternative action was taken. It will also include analysis of other sources of information on school income and expenditure, specifically the Consistent Financial Reporting data for maintained schools and the Academies Accounts Return data.

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

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

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: end of 2024
Original target implementation date: March 2023

3.2 The department has commissioned research on the impact of financial pressures on schools. The department wrote to the Committee on 27 April 2023 explaining the delay from the original target implementation date of March 2023.

3.3 Initial fieldwork was carried out in July 2023. This was a time of considerable uncertainty for schools and, given the atypical economic conditions in which it was carried out, this research may not be representative. The department therefore intends to extend the research to provide a fuller picture of schools' responses to cost pressures over a longer period when they had fuller information on their budgets. This will include new fieldwork designed to test whether the prospective plans that were reported at that time were delivered or alternative action was taken. It will also include analysis of other sources of information on school income and expenditure, specifically the Consistent Financial Reporting data for maintained schools and the Academies Accounts Return data.

3.4 The department continues to assess a range of data sources as part of its wider activity to monitor, support and strengthen the financial health of the sector.

Forty-third Report of Session 2021-22

Ministry of Justice

Reducing the backlog in criminal courts

Introduction from the Committee

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

Relevant reports

- NAO report: Reducing the backlog in criminal courts- Session 2021-22 (HC 732)
- PAC report: Reducing the backlog in criminal courts - Session 2021-22 (HC 643)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

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

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

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

5.2 The Ministry of Justice (the department) set out the position in respect of the evaluation of HM Courts & Tribunals Service (HMCTS) Reform in the Treasury Minute update of December 2023 and remains on track to publish the findings of the in-depth qualitative study on the experiences of vulnerable individuals by Autumn 2024.

5.3 The scoping phase for the evaluation of HMCTS Crime Reform, which will inform the overall evaluation, is intended to complete in June 2024.

5.4 The department's 'Data First' programme is facilitating academic research to provide new insights for policymakers, including several research studies that are exploring ethnic disparities in court outcomes. This is enhancing the department's understanding of the experiences and outcomes of users from ethnic minority backgrounds. Data First will run until September 2025.

5.5 The department continues to monitor relevant metrics from quarterly publications of the Criminal Justice System Delivery Data Dashboard (CJS Dashboard) to understand victim attrition rates and the experience of victims better. Data in the CJS Dashboard is presented at a national and local level which increases understanding of the justice system and supports collaboration at a local level through Local Criminal Justice Boards

Forty-fourth Report of Session 2021-22

Department of Health and Social Care

NHS Backlogs and Waiting Times in England

Introduction from the Committee

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

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

Relevant reports

- NAO report: NHS backlogs and waiting times in England: Session 2021-22 (HC 859)
- PAC report: NHS Backlogs and waiting times: Session 2021-22 (HC 747)
- NHS Report: Core20PLUS5
- Treasury Minute response May 2022 (CP 678)
- PAC correspondence: dated June 2022
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

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

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

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

6.2 The Elective Recovery Plan set out the delivery priorities and targets agreed by government and the NHS, and the NHS continues to make progress on those targets.

6.3 Waits of more than 65 weeks in March 2024[1] were down 79% compared to June 2021. There have also been small but consistent reductions in the total waiting list number: it reduced for a sixth consecutive month in March 2024[2]. Industrial Action has had a significant impact with almost 1.3 million appointments (across outpatients and inpatient services) having to be rescheduled during 2023-24. Despite this disruption, NHS staff have continued to make progress to bring down the longest waits for patients.

6.4 In the Operational Planning Guidance for 2024-25, systems are asked to virtually eliminate waits of 65 weeks or more by September 2024 (a six-month delay to the original target due to the impact of industrial action), improve Faster Diagnosis Standard performance to 77%, and ensure that 70% of people wait less than 62 days from an urgent referral to first treatment of cancer.

6.5 The changes set out in the NHS England and government announcement on Cancer Standards (August 2023) have been reflected in the updated Handbook to the NHS Constitution for England.

6.6 As part of the Spending Review 2024 process and wider medium-term strategy, the government will work with NHS England on a trajectory for the return to the Referral to Treatment (RTT) constitutional standard and the revised cancer waiting times standards.

[1] Management information for the latest month is taken from the Waiting List Minimum Dataset which is subject to less validation than the published monthly figures and does not include estimates for missing providers (133 of 135 acute trusts submitted data for the latest month).

[2] From Feb-24 data onwards, community service pathways should no longer be reported in RTT datasets – see 'Change to recording of community service pathways' section in the RTT statistical press notice for more information: Feb24-RTT-SPN-Publication-PDF-only-445KB-08666.pdf (england.nhs.uk)

Forty-ninth Report of Session 2021-22

Department for Levelling Up, Housing and Communities

Regulation of Private Renting

Introduction from the Committee

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

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

Relevant reports

- NAO report: Regulation of Private Renting – Session 2021-22 (HC 863)
- PAC report: Regulation of Private Renting – Session 2021-22 (HC 996)
- Treasury Minute: July 2022 (CP 722)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 987 above) the remaining recommendations are updated below.

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

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

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

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2026

1.2 The Department for Levelling Up, Housing and Communities (the department) has commissioned work from Zaizi to understand user needs to inform the guidance that will be produced when the Renters (Reform) Bill is enacted. The project will result in a clear roadmap of the changes required to guidance to support those who live and work in the sector as the reforms are implemented.

1.3 Alongside work on guidance, the department will develop a communications strategy to promote awareness of the reforms.

1.4 In November 2023, Ministers signalled during Commons Committee stage of the Renters (Reform) Bill their provisional preference for the Housing Ombudsman Service to be the scheme administrator of Private Rented Sector (PRS) landlord redress, although no final decision has been made. The department has begun work to explore what a joint private-social rented sector redress service might look like. This work is putting user experience at the centre of service design. The department is working in partnership with local government to co-design the Ombudsman to ensure that local authority enforcement and Ombudsman redress are complementary.

1.5 The department committed in the White Paper to strengthen and embed mediation services for landlords. The Post Implementation Review of the joint MOJ/DLUHC Rental Mediation Pilot found that mediation needed to come earlier in the process, before court action, in order to be effective. The department has commissioned research to understand the factors which determine the success or failure of independent in-tenancy mediation in the Private Rented Sector. The aim is to fill evidence gaps ahead of developing further policy for landlord mediation.

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

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

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

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

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2024
Original target implementation date: Spring 2023

5.2 Independent researchers have been commissioned to deliver a scoping study to formulate a monitoring and evaluation plan. The scoping study will produce a data framework to establish the data needed to report on the impacts of the PRS reform programme. The Renters (Reform) Bill also contains a clause which will place a duty on local authorities to report on their functions under the Act and other landlord legislation. The department is currently working with local government to design a proportionate data collection framework which supports oversight of the PRS.

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

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

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 Alongside the comprehensive monitoring and evaluation measures that will be in place, the government has recently tabled two amendments to the Renters (Reform) Bill to inform its understanding of the sector and the impact of the reforms, once implemented.

6.3 The first amendment requires the Secretary of State to arrange for an independent review to be carried out assessing the impact of moving to periodic tenancies as well as considering whether the reformed grounds for possession are comprehensive, fair and operate effectively. The Secretary of State must lay this review before Parliament and respond within eighteen months of the system being applied to existing tenancies.

6.4 The second relevant amendment places a requirement on government, to report annually for five years, to publish data and analysis about the state of the private rented sector.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2022-23

Updates on reports with outstanding recommendations

Reports completed

#	Report Title
1	Department for Business, Energy and Industrial Strategy final report and accounts 2020-21
3	The future of advance gas-cooled reactors
5	Local government growth
7	Armoured vehicles – the Ajax programme
8	Financial sustainably of the higher education sector in England
9	DWP Child maintenance
10	Restoration and renewal – reports directly to PAC
11	The roll out of the COVID-19 vaccine programme in England
12	Management of PPE contracts
14	Investigation into the British Steel Pension Scheme
16	Managing cross border travel during the COVID-19 pandemic
17	Government contracts with Randox laboratories Ltd
18	Government actions to combat waste crime
19	Regulating after EU Exit
20	Whole of government accounts 2019-20
21	Transforming electronic monitoring services
26	DWP accounts 2021-22 – fraud and error in the benefits system
28	Improving AO assessment process
30	Developing workforce skills for a strong economy
37	Support for vulnerable adolescents
39	Excess Votes 2021-22
41	Driving licence backlogs at the DVLA
45	BEIS Annual Report and Accounts 2021-22
46	BBC Digital (reports directly to the PAC)
47	Investigation into the UK Passport Office
52	Restoration and Renewal of the Palace of Westminster – 2023 Recall
66	PPE Medpro: Awarding contracts during the pandemic

Second Report of Session 2022-23

HM Revenue and Customs

Lessons from implementing IR35 reforms

Introduction from the Committee

The government originally introduced the IR35 off-payroll working rules in April 2000, with the objective to prevent tax avoidance by 'disguised employees'. These are people who do the same job in the same manner as an employee but avoid income tax and National Insurance contributions (NICs) by providing services through an intermediary such as a personal service company (PSC). The legislation therefore introduced a requirement for workers engaged through intermediaries to assess their employment status for tax purposes. If they are deemed to be a 'disguised employee' they will be subject to income tax and NICs at source in the same way as regular employees.

However, HMRC found that adherence to these rules was low, despite government efforts to improve compliance between 2007 and 2015. In 2016, HMRC estimated that only 10% of PSCs were applying the IR35 rules correctly, costing the exchequer £440 million in the 2016–17 financial year. To improve compliance, the government introduced reforms that shifted responsibility for making status determinations from the worker to the hiring body, which also became liable for any unpaid tax where it had failed to comply. These reforms initially applied to the public sector from April 2017 (affecting around 50,000 PSCs) and were extended to include the private and third sectors in April 2021 (affecting an estimated 180,000 further PSCs).

Relevant reports

- NAO report: Investigation into the implementation of IR35 tax reforms - Session 2021-22 (HC 1103)
- PAC report: Lessons from implementing IR35 reforms - Session 2022-23 (HC 60)
- Treasury Minute: August 2022 (CP 708)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2022 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 987 above) the remaining recommendation is updated below.

6: PAC conclusion: Despite years of reforming the IR35 rules, there are still structural problems with how they work in practice.

6: PAC recommendation: HMRC should review how the system is working and whether it can be made more efficient and effective. In particular, it should develop solutions to address problems with how the IR35 rules work in practice, including ensuring that:

- ***HMRC has the data it needs to accurately reflect each worker's tax position in cases of non-compliance; and***
- ***HMRC does not end up taxing the same income twice, or unwittingly contributing to workers not paying their fair share in tax.***

6.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

6.2 The government announced in the Autumn Statement on 22 November 2023 its intention to proceed with a legislative change that addresses the overcollection of tax in cases of non-compliance with the off-payroll working rules.

6.3 On 22 February 2024, the Finance Act 2024 introduced a new power into the Income Tax (Earnings and Pensions) Act 2003. This power allows HMRC to make regulations that treat amounts of tax already assessed or paid by the worker and their intermediary on the same income as paid in respect of a PAYE liability due under the off-payroll working rules. The PAYE liability that is recovered from the deemed employer will then be reduced by these amounts.

6.4 Following this, HMRC laid a negative Statutory Instrument on 13 March 2024 that introduced new regulations to the Income Tax (Pay As You Earn) Regulations 2003. These Regulations took effect from 6 April 2024. Alongside this, HMRC published guidance on how it intends to apply the legislation. This avoids double taxation on the same income and will ensure that the deemed employer does not bear an unfair burden of the worker’s tax liabilities, which instead will be shared more equitably between the parties.

6.5 HMRC’s published guidance on set-offs sets out the information that clients must hold and provide to HMRC for a set-off to be applied. Additionally, in November 2023, HMRC published comprehensive Guidelines for Compliance, help to comply with the reformed off-payroll working rules (IR35). These guidelines set out HMRC’s views on record keeping best practice.

6.6 As new legislation and guidance have been introduced to ensure that HMRC collects the correct amount of tax in cases of non-compliance with the off-payroll working rules, HMRC considers this recommendation to be implemented.

Fourth Report of Session 2022-23

HM Treasury and Cabinet Office

Use of evaluation and modelling in government

Introduction from the Committee

Evidence-based decision-making is vital for government to secure value for money. Analysis and evaluation are key sources of evidence and should be at the heart of how government runs its business. Government relies on financial models for its day-to-day activities to help test policy options, estimate costs and improve the value for money of government spending. Outputs from models underpin decisions that often have very real impacts on people's lives. Good quality evaluations can help government understand what works, how and why, and support accountability. Departments are expected to undertake comprehensive, robust and proportionate evaluations.

Across government, HM Treasury, the Analysis Function, the Finance Function, the Evaluation Task Force, Cabinet Office and departmental accounting officers all have a role to play in improving evaluation and modelling. Guidance, expectations and standards are set out in documents such as Managing Public Money, the Magenta Book and Aqua Book, and the Analysis Functional Standard.

Relevant reports

- NAO report: Evaluating government spending – Session 2021-22 (HC 860)
- NAO report: Financial modelling in government – Session 2021-22 (HC 1015)
- PAC report: Use of evaluation and modelling in government – Session 2022-23 (HC 254)
- Treasury Minute: August 2022 – Session 2022-23 (CP 708)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 987 above), the remaining recommendations are updated below.

4: PAC conclusion: Good quality modelling and evaluation is hampered by challenges in sharing data and a lack of common data standards.

4: PAC recommendation: The Cabinet Office should set out its progress in using its national data strategy to address the barriers to better sharing and use of data, including its development of cross-government standards for collecting, storing, recording and managing data.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

4.2 The Central Digital and Data Office (CDDO) is creating the conditions for government departments and organisations to transform the way they use data for better decision making through the delivery of Mission 3 of the National Data Strategy (NDS) and Mission 3 of the 2022-25 Roadmap for Digital and Data. The majority of these commitments are either fully achieved or subsumed in ongoing programmes of work, for example tackling the cultural barriers which culminated in the publication of the Data Maturity Assessment for Government in March 2023. The foundations the CDDO are establishing will be leveraged to accelerate value through data as part of the upcoming refresh of the Roadmap.

4.3 Since the last report, the Data Standards Authority has developed and successfully trialled guidance for identifying essential shared data assets (ESDAs) and a supporting ownership model. The initiative is now in beta phase testing across central government departments and a number of Arms Length Bodies.

4.4 As of March 2024, there are 353 Information Sharing Agreements (ISA) on the Register of Information sharing under the DEA; an increase of 69 since October 2023.

4.5 Work to deliver the Cross-Government Data Marketplace continues to progress, with successful completion of the Alpha re-assessment. A new delivery partner is in place and the platform is undergoing beta testing ahead of planned live service in 2025.

5: PAC conclusion: Departments are not meeting government requirements on publishing evaluation plans and findings, and on transparency of models and their outputs.

5a: PAC recommendation: HM Treasury should work with the Cabinet Office to publish a tracker with details of evaluations including their planned publication date, and explanations from departments where publication is delayed or withheld.

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: August 2024
Original target Implementation date: Summer 2023

5.2 The Evaluation Registry has now been rolled-out to all central government departments, Arms Length Bodies, Public Bodies and What Works Centres. Roll-out began in July 2023 and completed in February 2024. The site has been improved based on user testing and feedback over this period, but still requires further work before it can be launched publicly.

5.3 Use of the site by central government departments became mandatory from 2 April 2024. The Minister for the Cabinet Office and Chief Secretary to the Treasury wrote to all Secretaries of State in March 2024 to inform departments of the mandatory requirement to register evaluations on the site.

5.4 The Evaluation Task Force is working with relevant officials across government to add use of the Registry as a new requirement into internal approvals processes including the Infrastructure and Projects Authority's governance processes for Major Projects, the Government Grants Management Function governance processes and departmental evaluation approval processes. This is to ensure that evaluations are planned from the outset and that they are registered on the site.

5.5 The Registry will be launched to the public for view-only access in August 2024. This date was delayed due to constraints on specialist resource and the onboarding of a new supplier to finish the site build and deliver the public launch. The new supplier is on schedule to meet the August deadline.

Sixth Report of Session 2022-23

Department of Health and Social Care

Department of Health and Social Care 2020-21 Annual Report and Accounts

Introduction from the Committee

The Department of Health and Social Care (the Department) leads the health and care system in England. The Departmental Group's accounts show that total operating expenditure increased to £191.9 billion in 2020–21, a 30% increase on 2019–20. This included a £20.5 billion (31%) increase in operating expenditure on the purchase of goods and services primarily related to its response to the COVID-19 pandemic. The Comptroller and Auditor General (C&AG) qualified his audit opinion on the accounts for several reasons. There was insufficient evidence to support: the Core Department inventory balance of £3.6 billion at year-end; £6.1 billion of inventory consumed during the year; £8.7 billion of inventory impairments; and the £1.2 billion onerous contract provision recognised by the Department for inventory purchased but not received at the year-end. There was also insufficient evidence to support the Group accruals balance of £17.2 billion. In addition, £1.3 billion of the Department's COVID-19 spending was spent either without the necessary HM Treasury approvals or in breach of conditions set by HM Treasury, and there was insufficient evidence to show that the Department's spending, particularly on COVID-19 procurement, was not subject to a material level of fraud.

Relevant reports

- DHSC report: Department of Health and Social Care Annual Report and Accounts 2020-21 (HC 1053)
- PAC report: DHSC Annual Reports and Accounts 2020-21 (parliament.uk) – Session 2022-23 (HC 253)
- Treasury Minutes: September 2020, Thirteenth Report of Session 2019-21 (CP 291)
- Treasury Minute: August 2022, Sixth Report of Session 2022-23 (CP708)
- Correspondence to the PAC Recommendation 6 dated 4 August 2022
- Correspondence to the PAC Recommendation 7 dated 4 August 2022
- Correspondence to the PAC dated 10 November 2022
- Correspondence to the PAC dated 14 November 2022
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Correspondence to the PAC: dated 16 March 2023
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

8: PAC conclusion: There is no clear plan as to how the Department will bring forward the publication date of its annual report and accounts.

8: PAC recommendation: The Department should develop a detailed and realistic plan for bringing forward the preparation and publication of its annual report and to improve timeliness of its accountability for the use of taxpayers' money.

8.1 The government agrees with the Committee's recommendation.

Revised target implementation date: December 2024
Original target implementation date: December 2023

8.2 The Department of Health and Social Care has developed a multi-year plan which aims to bring forward the accounts timetable by at least one month per year. The plan targets a return to pre-recess laying for the 2026-27 accounts with a stretch target to achieve this earlier where possible. However, this plan is highly dependent upon the capacity of the local audit market and slippage against targeted timescales may occur if these issues are not resolved.

8.3 For 2023-24 the department is targeting a laying date of early December 2024. The 2022-23 accounts were laid on 25 January 2024, two months later than planned. Considerable progress was made on timeliness of completion of the core department's accounts, but challenges which emerged in completion of the audits of UKHSA and some local NHS bodies prevented earlier laying of the group accounts.

8.4 Significant work is underway with stakeholders across the local audit system to relieve the current pressures in the market. Some challenges are expected to be alleviated due to factors such as the reduced number of NHS bodies now requiring an audit, but there are other issues which may increase pressures in the system, such as additional requirements being placed on auditors for current and future years.

8.5 The department expects to firm up the multi-year plan once it has had chance to assess the degree of adherence to the 2023-24 local audit deadline, enabling a clearer view of the extent to which a return to pre-recess laying is possible in the future.

Thirteenth Report of Session 2022-23

The Ministry of Justice

Secure training centres and secure schools

Introduction from the Committee

In England and Wales, children aged between 10 and 17 can be held criminally responsible for their actions. In April 2022, there were 432 children in custody, the latest monthly figure. Some groups of children are increasingly over-represented in custody, such as those from ethnic minority backgrounds and those with mental health or learning disabilities. Children are held in three types of setting: secure children's homes (SCHs) designed to accommodate the youngest and most vulnerable children in small establishments with high staff-to-child ratios; young offender institutions (YOIs), which are bigger establishments for older and less vulnerable children; and secure training centres (STCs), which were intended for children aged 12–14 who did not need an SCH but were too vulnerable for YOIs. In the year ending March 2021, almost three quarters (73%) of all children in custody were in YOIs. In response to the 2016 Taylor review, the Ministry has also committed to creating a new type of custodial establishment, secure schools – defined as "schools with security" rather than "prisons with education".

The Ministry of Justice (the Ministry) is responsible for overseeing the youth justice system and for commissioning youth custody services. The Youth Custody Service, part of HMPPS—an executive agency of the Ministry—is also responsible for commissioning youth custody services alongside managing the youth estate.

Relevant reports

- NAO report: Children in custody: secure training centres and secure schools – Session 2021-22 (HC 1257)
- PAC report: Secure training centres and secure schools – Session 2022-23 (HC 30)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

5: PAC conclusion: The Ministry and HMPPS are relying on a provider to deliver the new secure school model, but the approach they are taking is untested and there are insufficient safeguards in place.

5: PAC recommendation: The Ministry / HMPPS should set out how the Funding Agreement will incentivise the secure school provider to deliver high-quality care for all children in custody, including how they would manage underperformance or children being refused a place.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 HM Prison and Probation Service (HMPPS) wrote to the Committee on 31 January 2024 and on 10 May 2024 providing updates to the Committee on this recommendation. The draft funding agreement that HMPPS provided sets out the incentives to deliver high-quality care for children in custody and the HMPPS approach to managing underperformance, should it arise.

5.3 The detailed policy handbooks covering governance and financial arrangements for the secure school have been published on Gov.uk.

Fifteenth Report of Session 2022-23

The Home Office

The Police Uplift Programme

Introduction from the Committee

In mid-2019, the Department created the Police Uplift Programme (the Programme) to deliver the Government's manifesto pledge to recruit an additional 20,000 police officers by March 2023. To deliver the Programme, the Department, in conjunction with the National Police Chiefs' Council (NPCC) and the College of Policing (CoP), created a joint team comprised of staff from each organisation and police forces. Police forces began recruiting the additional officers in September 2019, with the first new officers commencing training a month later. To recruit the 20,000 additional officers by 31 March 2023, the Department committed £3.6 billion over the three years of the Programme (2019/20 to 2023), including additional funding in each year, which has been rolled into Government grants for policing. Over the next 10 years, the Programme is expected to cost £18.5 billion, including costs to the wider criminal justice system. The recruitment phase ended on 31 March 2023 and the Programme was formally closed in September 2023. As of 31 March 2023, 20,947 additional officers were recruited into forces across England and Wales from funding for the Programme.

Relevant reports

- NAO report: The Police Uplift Programme – Session 2021-22 (HC 1147)
- PAC report Police uplift programme - Reports, special reports and Government responses – Session 2022-23 (HC 261)
- Treasury Minute – September 2022 Session 2022-23 (CP 745)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

3. PAC conclusion: We are not yet convinced that the new training routes introduced by the College of Policing best meet the needs of police forces.

3. PAC recommendation: The College of Policing should review the impact of the Police Education and Qualifications Framework to ensure it meets the needs of both new police officers and their forces. It should outline when it will publish the results of this assessment in the Treasury Minute response.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The College of Policing has continued to work with key stakeholders to deliver their Optimisation Plan as part of their plans to improve all initial entry routes into policing. All five key areas in the plan – design, procurement, deployment, assessment and review and engagement remain on track for delivery. Key documentation has been designed and shared to allow forces and partners to commence optimisation implementation work for all entry routes and it is a requirement that all force entry route programmes are operating with the new 'optimised' curricula and assessment approaches by the end of 2024. A new single procurement framework was also launched in February 2024 to enable more effective contracting between forces and higher education partners.

3.3 The College has completed development of a new non-degree entry route into policing which was announced by the Home Secretary in November 2022. The ‘Police Constable Entry Programme’ (PCEP), is a two-year programme based on the optimised national policing curriculum and wider learnings taken from the College’s Policing Education Qualifications Framework (PEQF) Optimisation Plan. The PCEP was officially launched in April 2024 and is licensed to forces and quality assured by the College.

4. PAC conclusion: We are concerned that the distribution of new officers Just may not give police forces what they need to respond to the demands they face.

4. PAC recommendation: The Department should set out, as part of its Treasury Minute response, by when it will revise the funding formula and how it will support forces in transitioning to their funding allocation under the new approach

4.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

4.2 Since the last update to the Committee in December 2023, the Police Funding Formula Review has completed the technical review phase. The next Spending Review is the right time to move forwards on whether to introduce any of those new arrangements, alongside further consultation, and by implementing at that time the government will ensure financial certainty for forces.

4.3 The Home Office has engaged closely with the policing sector throughout the review and will ensure in implementation that it delivers a robust, future-proofed funding formula that allocates funding in a fair and transparent manner.

Twenty-second Report of Session 2022-23

Department for Environment, Food & Rural Affairs and Department for Transport (Joint Air Quality Unit)

Tackling local air quality breaches

Introduction from the Committee

The UK has legal air quality limits for major pollutants at a local and national level. The UK complied with most of these legal limits between 2010 and 2019 with the exception of the nitrogen dioxide (NO_2) annual mean concentration limit, for which there have been longstanding breaches. The Department for Environment, Food & Rural Affairs (Defra) and the Department for Transport (DfT) have established the Joint Air Quality Unit (JAQU) to oversee delivery of government's plans to achieve compliance with air quality targets.

Measures to tackle NO_2 pollution include bus retrofit and traffic management schemes, and in some areas, Clean Air Zones (CAZs) where vehicle owners are required to pay a charge if their vehicle does not meet a certain emissions standard. The government has, through its NO_2 programme, directed 64 local authorities to take action to improve air quality. It has also commissioned National Highways to examine breaches on the Strategic Road Network in England. As at May 2022, a lifetime budget of £883 million has been committed to the Programme to support local authorities. Separately government has spent £39 million to improve air quality on the Strategic Road Network from 2015–16 to 2019–20.

Government published a Clean Air Strategy in January 2019 outlining its approach to air quality more broadly. At the time we took evidence government expected to publish an update of its National Air Pollution Control Programme in September 2022 to set out the measures that will be required for the UK to meet its 2030 national emissions limits.

Relevant reports

- NAO report: Tackling local breaches of air quality – Session 2022-23 (HC 66)
- PAC report: Tackling local air quality breaches – Session 2022-23 (HC 37)
- Treasury Minutes: December 2022 (CP 774)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

1. PAC conclusion: It is far too difficult for the public to find information about the air quality in their local area and what is being done about it.

1. PAC recommendation: The government should, as part of its Treasury Minute response, set out a timetable for improving the accessibility of public information about local air quality. This should include making it easy for people to find out if they live near a site that breaches legal air quality limits, and if so, what progress is being made on bringing it into compliance.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2025

1.2 The government recognises that more can be done to ensure that air quality information is effectively communicated to the public. The government's comprehensive review of its Air Quality Information System (AQIS), which aims to ensure members of the public have the information they need to protect themselves and understand their impact on air quality, is ongoing. The evidence amassed and assimilated by the AQIS review is currently being considered by the AQIS Steering Group in preparing their conclusions and recommendations, due in Summer 2024.

1.3 Alongside this review, a major overhaul of the UK-AIR website and other air quality web services is also ongoing. The government aims to complete the UK-AIR review by March 2025, including a new user interface for the general public. There will be improvements made to this and other sites on an ongoing basis, including Local Air Quality Management, the Air Quality Hub, UK Pollutant Release and Transfer Register and the UK Registry of Industrial Sites.

1.4 Additionally, National Highways publishes an annual report which provides the latest summary of the Strategic Road Network's NO_2 exceedances and provides an update on the progress of measures being implemented to improve air quality on these road links. The latest report, the Annual Evaluation Report 2022, was published on 29 February 2024. National Highways engages with local authorities and local MPs in areas where measures are being taken and also where there are roads with no viable measures to bring forward compliance.

Twenty-third Report of Session 2022–23

Department for Business, Energy & Industrial Strategy

Measuring and reporting public sector greenhouse gas emissions

Introduction from the Committee

In June 2019, Parliament passed an amendment to the climate Change Act 2019, committing the UK to achieving net zero emissions by 2050. This will require the UK to substantially reduce its emissions from current levels. The government estimates that direct emissions from public sector buildings account for around 2% of the UK's total emissions, although this does not include emissions from other sources, such as the electricity it uses, business travel and emissions arising from the goods and services it procures, which could all be significant. It has set a target for the public sector to halve its direct emissions from public sector buildings by 2032 and to reduce them by 75% by the 2037, both against a 2017 baseline. It has made £1.425 billion of funding available through Phase 3 of the Public Sector Decarbonisation Scheme for 2022–23 to 2024–25. In its 2017 *Clean Growth Strategy*, government committed the public sector to lead by example in both reducing emissions and in transparent reporting.

Relevant reports

- NAO report: Measuring and reporting public sector greenhouse gas emissions - Session 2022-23 2022 (HC 63)
- PAC report: Measuring and reporting public sector greenhouse gas emissions - Session 2022-23 (HC 39)
- Treasury Minutes: January 2023 (CP 781)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below by The Department for Energy Security and Net Zero.

5. PAC conclusion: The public sector risks falling behind on the reporting of its emissions but could learn from developing practice in private sector and the devolved administrations.

5. PAC recommendation: BEIS and HM Treasury should ensure that the reporting requirements placed on the public sector are aligned with their objective to lead by example in delivering net zero. This should include consideration of which bodies should report their scope 3 emissions and how best this should be done.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2025

5.2 In August 2023 the Department for Energy Security and Net Zero (DESNZ) published a process and timeline for producing emissions reporting guidance for the public sector.

5.3 This guidance will ensure that public sector organisations in England (and sites managed by central government across the UK) have the right information and incentives to identify decarbonisation opportunities and better manage their energy and emissions, and support the development of consistency and coherence in reporting across the public sector.

5.4 DESNZ is currently working with the Energy Saving Trust (EST) on the initial research phase. This involves researching how various approaches to emissions monitoring and reporting can drive decarbonisation outcomes.

5.5 After the research has completed, the department has also committed to consult before developing and publishing the final guidance, and is on track to do this in 2025.

5.6 The emissions reporting landscape is complex and this robust process will help to ensure that the guidance is fit for purpose.

5.7 Meanwhile work to develop the next set of Greening Government Commitments is ongoing, and HM Treasury is mandating Taskforce on Climate Related Financial Disclosures (TCFD)-aligned disclosures in the annual reports of central government departments and larger arms-length bodies in a phased implementation introduced in the 2023-24 reporting period - with full implementation in 2025-26. These new disclosures will address the climate-related risks and opportunities associated with climate change and the transition to net zero. Through the Financial Reporting Advisory Board (FRAB), HM Treasury is working with other relevant authorities to drive consistency in reporting across the UK public sector.

5.8 In the most recent application guidance on TCFD-aligned disclosures, supporting guidance was included on emissions reporting to improve the linkage of existing emissions reporting across the public sector to annual reports, supporting enhanced transparency and accountability.

Twenty-fourth Report of Session 2022-23

Department for Environment, Food and Rural Affairs

Redevelopment of Defra's animal health infrastructure

Introduction from the Committee

Animal disease outbreaks have major impacts on farmers and rural communities, and the UK food industry and trade. This has been demonstrated by outbreaks such as Bovine Spongiform Encephalitis (BSE), Foot and Mouth disease and most recently Avian Influenza. The National Audit Office estimated that the 2001 Foot and Mouth Disease outbreak cost the public sector over £3 billion and the private sector over £5 billion based on prices at that time (respectively over £4.6 billion and £7.7 billion in 2020–21 prices). Some impacts are not quantifiable such as the mental health effects in rural communities. COVID-19 has highlighted the breadth of impact a zoonotic disease outbreak (diseases that can be transmitted from animals to humans) can have.

The Department for Environment, Food & Rural Affairs (Defra or the department) leads government policy on animal health in England. The Animal and Plant Health Agency (APHA) is an executive agency of the Department and is responsible for the delivery of the Department's policy objectives in this area. The APHA investigates and responds to emerging animal disease outbreaks, as well as undertaking long-term research into animal diseases. The APHA's Weybridge site is the UK's primary science capability for managing threats from animal diseases. Following a long period of inadequate management and under investment in the Weybridge site, the Department has put in place its Weybridge redevelopment programme. The Department's current estimate is that the Programme will cost £2.8bn over 15 years.

Relevant reports

- NAO report: Improving the UK's science capability for managing animal diseases – Session 2022-23 (HC 64)
- PAC report: Redevelopment of Defra's animal health infrastructure – Session 2022-23 (HC 42)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 987 above) the remaining recommendations are updated below.

4. PAC conclusion: It is not yet certain that there will be sufficient investment in developing the Weybridge site capacity to ensure the UK's long-term resilience to animal diseases.

4. PAC recommendation: The Department needs to work with HM Treasury to establish a more certain funding position for the Weybridge redevelopment programme. In doing this, the Department will need to improve its understanding of the benefits of the programme to support the investment case. In addition to its Treasury Minute response, the Department should provide the Committee with a further update on the status of Weybridge's funding shortfall by Summer 2023.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

4.2 The Department for Environment, Food & Rural Affairs continues to engage with HM Treasury to refine a shared understanding of the costs and benefits required for the investment decision, by summer 2024, aligned with the next Spending Review. If approved, the decision will provide a clear scope and funding for the detailed design and procurement of the main Science Hub, ahead of construction beginning in 2027. Funding of this scale will always require careful scrutiny alongside other fiscal pressures and the department will submit a robust case to resolve the scope and investment. The approved first tranche of the programme (through to the next Spending Review period, starting 2025-26) continues to deliver preparatory works and develop the business case to support the investment decision.

5. PAC conclusion: There remains substantial uncertainty over the costs of the Weybridge redevelopment programme.

5. PAC recommendation: The Department needs to continue to develop its cost estimate and be clear where, and how much, uncertainty remains. This should include the use of cost ranges to illustrate the level of uncertainty.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

5.2 The cost estimate continues to be developed during concept design to support the decision on overall scope and cost. A business case is being submitted to HM Treasury in summer 2024, which requires resolution by the end of the year to ensure the programme stays on track. A Final Business Case for Science Hub will be concluded when design is complete, just before construction begins, in 2027. Cost ranges will be used in each of the business cases.

Twenty-fifth Report of Session 2022-23

Department for Business, Energy & Industrial Strategy

Regulation of energy suppliers

Introduction from the Committee

Most households and businesses in Great Britain are supplied with gas and electricity through the energy system. These are four main components of this system: generation; transmission; distribution; and retail. Energy retailers (known as suppliers) purchase gas and electricity from the wholesale market and sell it to homes and businesses. The Department for Business, Energy & Industrial Strategy (the Department) is responsible for setting and developing energy policy in the UK. The Office of Gas and Electricity Markets (Ofgem) regulates gas and electricity markets in Great Britain. Ofgem's principal objective is to protect the interests of existing and future consumers. Ofgem and the Department have two main processes for maintaining continuity of supply when a supplier fails: the supplier of last resort (SOLR) process and the special administration regime (SAR). Under the SOLR process, Ofgem transfers customers from a failed supplier to an existing supplier. In cases where SOLR is not viable, such as where it has too many customers to transfer to another supplier in one go, a SAR is where a temporary administrator continues running the failed company until it can be sold, or the customers transferred to other suppliers.

Between mid-2021 and spring 2022, the wholesale price that suppliers paid for gas and electricity increased to unprecedented levels. Between July 2021 and July 2022, the lack of financial resilience within many energy suppliers and the rise in wholesale prices, led to the failure of 29 energy suppliers. Ofgem transferred the customers of 28 of these failed suppliers to new suppliers through the SOLR process. The Department took Bulb Energy into SAR because, with 1.6 million customers, it was too big to go through SOLR. In May 2022 the government announced that all households in the UK would receive £400 of support with their energy bills through the Energy Bills Support Scheme.

Relevant reports

- NAO report: The energy supplier market – Session 2022-23 (HC 68)
- PAC report: Regulation of energy suppliers – Session 2022-23 (HC 41)
- Treasury Minute: January 2023 (CP 781)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below by the Department for Energy Security and Net Zero.

4. PAC conclusion: The price cap is providing only very limited protection to households from increases in the wholesale price of energy.

4. PAC recommendation: Within the next six months, the Department and Ofgem should review the costs and benefits of the price cap from a consumer's perspective to inform decisions about the future of the price controls in the supplier market, including the energy price guarantee.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The price cap on default tariffs continues to perform the function it was designed for addressing the detriment experienced by default tariff customers who do not engage in the market. The Energy Price Guarantee performed the function of providing additional support to households in light of the exceptional volatility seen in global wholesale energy markets. The Energy Price Guarantee expired at the end of March 2024 and prices are now at their lowest level for 2 years.

4.3 Going forward, it is vital that the right regulations are in place to protect households' interests. The default tariff cap has performed a valuable role, including helping the government deliver support to households during the energy crisis. However, the energy market is changing, and the current price cap is not a long-term solution. The transition to a smarter energy system will save consumers £10 billion per year by 2050 but households could lose out if they can't find deals that help them make the most of that great flexibility.

4.4 On 23 February 2024, the government published a call for evidence on the Future of Default Tariffs which seeks views on how default tariffs should support households in the future and tests out principles to ensure fair outcomes for different groups of consumers. On 25 March 2024 Ofgem published a complementary discussion paper on how the price cap will need to evolve so customers remain protected as the energy market transitions to a smarter, more flexible system.

Twenty-seventh Report of Session 2022-23

Department for Education

Evaluating innovation projects in children's social care

Introduction from the Committee

Local authorities in England spend around £9 billion per year on children's social care. The Department for Education (the Department) has overall policy responsibility for children's services, and in 2014 it reported on the challenges achieving innovation in the sector, and variations in the pace of improvement of outcomes for children in the care system. It subsequently launched its Children's Social Care Innovation Programme (the Innovation Programme), aiming to stimulate innovation, replicate successful approaches, improve life chances for children and support value for money. Between 2014–15 and 2019–20 the Department committed £212.8 million to 94 projects.

The Department made it a condition of Innovation Programme funding that projects would be subject to external evaluation. By September 2020 the Department had published over 100 evaluation reports covering projects funded by the scheme. The Department built on the learning from these schemes, providing a further £120.2 million across successor schemes intended to test the wider adoption of six promising Innovation Programme projects across a wider range of local authorities. The Department has committed to evaluate the effectiveness of these successor schemes using more sophisticated techniques with higher standards of evidence. The Department is due to receive evaluations from the first of these schemes in Autumn 2022, though the largest evaluations are not due until 2026 and 2027.

Relevant reports

- NAO report: Evaluating innovation in CSC – Session 2022-23 (HC 70)
- PAC report: Evaluating innovation projects in CSC – Session 2022-23 (HC 38)
- Treasury Minutes: February-2023 (CP 708)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

2. PAC conclusion: We are not yet convinced the Department's dissemination of learning from the programme is delivering widespread improvement.

2a. PAC recommendation: The Department must set out a coherent set of outcomes it expects from the sector in its response to the Independent Review of Children's Social Care, and further report on the impact of the innovation programme and successor schemes in supporting these outcomes.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Department for Education (the department) issued the Children's Social Care National Framework as statutory guidance in December 2023, meeting the commitment set out in Stable Homes, Built on Love to set direction for the system. The department drew on growing evidence of what works to improve outcomes for children and young people, as well as lessons from the department's previous innovation programmes. The National Framework provides the sector with clear expectations for what the department expects the purpose and outcomes of children's social care to be. Local authorities have a year in which to embed the National Framework in practice.

2.3 The National Framework was published alongside a revised version of Working together to safeguard children, the multi-agency statutory guidance which sets expectations for the system of help, protection and support for children and families. Advice was also published in the document Supporting local areas to embed working together to safeguard children and the national framework. These two documents clarify existing statutory duties; set national direction for practice; and set the expectations for multi-agency working across the whole system of help, support and protection for children and their families. They are being accompanied by additional funding and support for local areas to make the necessary changes, and for work within their regions to make improvements.

2.4 Integral to the production of these publications in December, as well as their ongoing implementation, is the National Practice Group. The group was established to support the government on embedding practice reform. Chaired by the Chief Social Worker for England, the group also includes experts from local authorities who had been involved in the Children's Social Care Innovation Programme.

2.5 Ownership of the Supporting Families programme transferred from Department for Levelling Up Housing and Communities to the Department for Education on 1 February 2024. Supporting Families (previously known as Troubled Families) has been running for over a decade and is based on a holistic, whole family approach. The programme subsequently has a wealth of learning, and the department will benefit even more deeply from this with Supporting Families embedded in the department.

2b. PAC recommendation: The Department should set out how it will secure a better understanding of the take-up of learning by local authorities across the country.

2.6 The government agrees with the Committee's recommendation.

Recommendation implemented

2.7 The department's Regional Improvement and Support Leads continue to hold regular informal conversations with areas to understand how reforms are being implemented and where there are barriers to learning. The department funds nine Regional Improvement and Innovation Alliances (RIIAs) that bring together key partners and local authorities in each region to resolve challenges and disseminate learning. In January 2024, the department provided additional funding to the RIIAs to support the implementation of the National Framework, to encourage local areas to share learning on changes to practice, and to work with Research in Practice to understand how prepared they are to implement the social worker agency rules and identify best practice and support needs around the social worker workforce.

2.8 As committed to in *Stable Homes, Built on Love*, the department is establishing learning loops which bring together leaders and practitioners to discuss, disseminate and promote learning. In January 2024, the department ran a series of learning events to support the sector on understanding and implementing the reform programme announcements from December 2023, and build on learning and best practice already in the system. The sessions included learning from peers, experts and key sector stakeholders, including innovation programme leaders. Further national and regional events will be planned across the year.

2.9 The department is also working with Foundations in developing Practice Guides to share the best available evidence on practice issues and interventions that are proven to have positive impacts on achieving the outcomes of the National Framework. The first of the suite of Practice Guides will be published in summer 2024 and will focus on kinship care. This will be followed by a Practice Guide focusing on parenting interventions for families of pre-adolescent children (average age of 0-10) with multiple or complex needs, which will be published in Autumn 2024.

3. PAC conclusion: The Department does not yet have the data it needs to understand the impact of the innovation programme.

3. PAC recommendation: The Department should set out the standards it expects for local data collection, and make clear the benefits for local authorities of collecting good quality data. The Department should also use its new outcomes framework to shape its own data collection strategy.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 In December 2023, the department published a data and digital strategy which sets out the long-term plan for transforming data in children's social care. The department will continue to embed the strategy with the sector, including local authorities and multi-agency partners, to develop the data improvement work further and agree how best to deliver the necessary changes as set out in the strategy.

5. PAC conclusion: A challenging funding environment requires that government maintains its commitment to evaluation and applies its learning to secure better outcomes.

5. PAC recommendation: The Department should set out how it will demonstrate the benefits of its spending on innovation and evaluation for local authorities and other Departments to secure the full benefits of this spending.

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

Recommendation implemented

5.2 Since publishing the implementation strategy, Stable Homes, Built on Love in February 2023, the department has launched a series of pathfinder and pilot programmes in some local authorities. The second wave of Families first for children (FFC) pathfinder programme and family networks pilot (FNP) were announced in April 2024. The Regional Care Cooperatives pathfinder has also launched, and the two delivery areas will be announced soon. The delivery partners for the Families First for Children and Regional Care Cooperatives pathfinders have been recruited, and external partners will conduct evaluations of the programmes. The findings from pathfinder and pilot programmes are already being used to share learning across local authorities, so that those not included as pathfinder local authorities can still benefit from innovative approaches to practice.

5.3 The department sees the new Children's Social Care Dashboard as an important new tool to support learning. The goal is to raise the quality of practice and see better services delivered to children and families. The Dashboard will increase transparency and support local, regional, and national learning. The department published documentation and an initial list of indicators covered by the Dashboard in December 2023, with the first public-facing iteration of the Dashboard expected to launch later in 2024. The department will enrol a group of early adopters to explore the viability of transferring data and the data collection burdens; test and iterate the dashboard's usability; and evaluate the indicators.

Twenty-ninth Report of Session 2022-23

Department for Levelling Up, Housing and Communities

The Affordable Homes Programme since 2015

Introduction from the Committee

One of the ways the Department tries to increase the supply of new homes in England is through the Affordable Homes Programme. The Secretary of State for Levelling Up, Housing and Communities recently reiterated the government's commitment to building 300,000 new homes overall every year by the mid-2020s. The Department does not have targets for how many of these should be affordable. For the Affordable Homes Programme, the Department secures funding from HM Treasury and then gives this to Homes England (outside London) and to the Greater London Authority (GLA) in London to achieve set targets. Housing providers (usually housing associations) bid for funding to build these. Bidding occurs through strategic bidding (housing providers bid for funding to deliver on multiple sites across a region) and continuous bidding (housing providers bid on a site-by-site basis). The Department forecasts it will spend £20.7 billion (2021–22 prices) between 2015 and 2032, to deliver 363,000 grant-funded homes.

The Programme has distinct iterations based on funding periods or policy changes. Under the 2016 programme, the Department forecasts that housing providers will build 241,000 new homes, against a target of 250,000 (of these 160,500 are grant funded). However, under the 2021 programme, the Department forecasts considerable shortfalls against its targets. The Department's central forecast is that housing providers will build 157,00 new homes, against a target of up to 180,000.

Relevant reports

- NAO report: The Affordable Homes Programme since 2015 – Session 2021-22 (HC 652)
- PAC report: The Affordable Homes Programme since 2015 – Session 2021-22 (HC 684)
- Treasury Minute: February 2023 (CP 802)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

1. PAC conclusion: The Department will miss its target under the 2021 programme for 180,000 new homes by March 2029.

1. PAC recommendation: The Department should share with Parliament a revised delivery plan for the 2021 programme.

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

Revised target implementation date: Autumn 2024
Original target implementation date: Spring 2024

1.2 The Department for Levelling up Housing and Communities will confirm new delivery targets with the Committee in due course, when the overall figures are ready to publish. New targets will reflect the economic changes since the original targets were set, as well as ministers' desire to increase the share of social rent homes delivered by the programme.

2. PAC conclusion: Housing providers do not always build in areas of higher demand.

2. PAC recommendation: The Department should consider how it can work with local authorities to take greater account in the Programme of local need for affordable homes.

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2025
Original target implementation date: Summer 2023

2.2 As set out in the government's earlier response to the Committee, published in February 2023, the government has already taken steps to match programme delivery with local need and to engage Local Authorities. The 2021 programme goes further than its predecessor in targeting investment by focusing on benefit cost ratio to boost value for money. Local Authorities set their own plans to address housing need and Social Housing Providers, delivering homes for the programme, work with Local Authorities to support those plans. Housing providers also have incentives to deliver homes where they are needed. For rental tenures, they must ensure they are built in areas that are best suited to their future tenants, with access to jobs, local amenities, and public transport. For home ownership tenures, they need to be in desirable locations where they will be able to sell.

2.3 Any successor programme to the Affordable Homes Programme 2021-26 will consider further improvements that could enable a new programme to take a more agile and adaptable approach to assessing housing need.

2.4 Ministers will consider these questions as part of the options for a new programme to succeed the 2021 programme. Ministerial decisions will depend on the timing of the next Spending Review. The updated implementation date allows more time for the government to confirm plans for the next Spending Review.

4. PAC conclusion: The Department does not quantify potential savings in some areas, such as temporary accommodation, into the Programme.

4. PAC recommendation: Before the next iteration of the Programme, the Department should quantify the wider savings it could make to areas such as adult social care and temporary accommodation.

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

Revised target implementation date: Spring 2025
Original target implementation date: Spring 2024

4.2 The government is now progressing work on the analysis and options for implementing this recommendation which should enable the wider benefits of social housing to be more efficiently reflected in value for money calculations for any successor programme.

5. PAC conclusion: New homes built under the Programme may need expensive retrofitting to meet net-zero standards in the future.

5. PAC recommendation: The Department should clearly set out the impact of including net-zero requirements in the next iteration of the Programme.

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2025
Original target implementation date: Spring 2024

5.2 As set out in the government's earlier response to PAC, published in February 2023, the government has taken steps so that the programme builds some of the country's most energy efficient homes by ensuring that the programme's Strategic Partners commit to following the latest sustainability and energy efficiency standards from the National Model Design Code.

5.3 The government is now progressing work on the analysis and options for implementing this recommendation. Ministerial decisions will depend on the timing of the next Spending Review. As with recommendations 2 and 4, the updated implementation date allows more time for the government to confirm plans for the next Spending Review.

6. PAC conclusion: The Department does not publish satisfactory data on the type, tenure, size, quality, or location of homes built under the Programme.

6. PAC recommendation: The Department should report annually to Parliament on the performance of the Programme with detail on types, tenure, size, and quality of homes built by local authority area.

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2024
Original target implementation date: Spring 2024

6.2 The government will share a report on programme delivery with the Committee in due course, alongside revised targets (see recommendation 1 above) for the programme.

Thirty-first Report of Session 2022-23

Cabinet Office

Managing central government property

Introduction from the Committee

Central government's property holdings are managed day-to-day by government departments and other public bodies that own and use those properties. The Cabinet Office has overall responsibility for government property as a whole. It has categorised its property assets (which include offices, hospitals, academy schools, jobcentres, courts, prisons and museums) into twelve portfolios. The total value of these property holdings was approximately £158 billion in March 2021, and they cost around £22 billion a year to maintain. The Office of Government Property (OGP), which is part of the Cabinet Office, sets the government's overall property strategy, gathers data from all departments, sets cross-governmental standards and provides training for government property professionals. The Cabinet Office also sponsors the Government Property Agency (GPA), an executive agency that was set up to oversee the government's offices and warehouses. Through the OGP and the GPA, the Cabinet Office plays a major role in overseeing the property estate, guaranteeing that it is fit for purpose, and ensuring that property decisions support major government policies, such as levelling up and achieving net zero.

Relevant reports

- NAO report: Managing central government property – Session 2022-23 (HC 571)
- PAC report: Managing central government property – Session 2022-23 (HC 48)
- Treasury Minutes: February 2023 (CP 802)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

1. PAC conclusion: The Cabinet Office does not have the data or IT system necessary to oversee and manage the government estate.

1. PAC recommendation: The Cabinet Office should get its new property database up and running as soon as possible. It should:

- ***ensure that it uses the right expertise to advise on the procurement;***
- ***explore off-the-shelf digital options; and***
- ***set clear deadlines.***

In its Treasury Minute response to this report, the Cabinet Office should also confirm the new target launch date for InSite.

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2024
Original target implementation date: Spring 2024

1.2 In the previous update Committee, the new off-the-shelf technology solution was being configured with technical oversight and digital delivery being provided by Cabinet Office

Digital. Core product configuration has been completed although this is subject to the usual phase of testing to identify and correct any defects. The system is also now undergoing user acceptance testing.

1.3 As set out in the letter to the Committee Chair sent on 15 May, despite being a contractual requirement, the Planon platform that the InSite system is being configured on, was found to not meet international accessibility standards required to comply with statutory accessibility requirements. A rectification plan is being negotiated with the supplier to secure compliance. It is likely that this work will not be completed until September 2024 but the department continues to work with the supplier to expedite this.

1.4 Data Migration from the legacy system has been tested with the technical solution now in place. The migration strategy to cleanse legacy data, ensure compliance with the data standard and migrate data in a manner that drives data quality has been identified, this is now in the process of being implemented as stakeholders are engaged. The programme has implemented a comprehensive governance and stakeholder workstream.

1.5 The existing property database (ePIMS) will remain operational until InSite is fully rolled out with data continuing to be collected from departments.

4a. PAC conclusion: We are sceptical that the Government Hubs programme still represents good value for money in the current climate.

4a. PAC recommendation: In its Treasury Minute response to this report, the Cabinet Office should set out in detail the benefits and costs, including valuation drops compared to previous prices to date of the Government Hubs programme and how it will be adapted in-light of the new estimates for post pandemic office usage.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Benefits of the New Property Model (NPM) were forecast to be achieved from rationalising the government office estate and more commercial asset and contract management. The Government Property Agency (GPA) has created a framework to identify, measure and report benefits that arise from activities it controls. Reported benefits conforming to HM Treasury's Green Book have been adjusted to enable meaningful comparison with the NPM business case and have been subject to independent assurance.

4.3 At 30 June 2023, GPA reports realised and/or booked cashable benefits adjusted to be comparable with NPM of £2.8 billion, which compares favourably to the £1.6 billion 10-year NPM forecast, and ahead of target to deliver the £3.9 billion 20-year NPM forecast.

4.4 These benefits have principally arisen from closure of over 40 properties in Whitehall and portfolio planning across the regions where GPA has acted as a central planning and delivery function. GPA has a long-term commitment to transform the government office portfolio in the regions and to support Places for Growth. It has rationalised the number of government offices, released poor quality, expensive to maintain and badly located buildings, and replaced them with high quality, low carbon hubs. It has supported the relocation of over 14,000 Civil Service roles from London and provided more productive working environments.

4.5 There is growing divergence between the activity foreseen in the NPM business case and GPA's actual operations. GPA now plans to shift its focus to reporting benefits in its Annual Report, to be published in Summer 2024.

Thirty-second Report of Session 2022-23

Department for Culture, Media and Sport

Grassroots participation in sport and physical activity

Introduction from the Committee

The London 2012 Olympic and Paralympic Games cost £8.8 billion. The government committed to delivering a lasting legacy as part of the Games, including increasing the number of adults participating in sports. The proportion of adults participating in sport at least once a week declined in the first three years following the Games. In 2015, government introduced a new strategy to focus on the social good that taking part in sport and physical activity can deliver and enabling more people from all backgrounds to regularly take part in meaningful sport and physical activity, volunteering and experiencing live sport. By November 2019, 63.3% of adults in England were physically active. Community sport and physical activity brought an estimated contribution of £85.5 billion to England in 2017–18 in social and economic benefits, including £9.5 billion from improved physical and mental health.

The Department for Culture, Media & Sport (the Department) has overall policy responsibility for maximising participation in sport and physical activity. It spends most of the money it allocates to this through Sport England, its arm's length body created in 1996 to develop grassroots sport and get more people active across England. Sport England spent an average of £323 million a year between 2015–16 and 2020–21. Multiple other central and local government bodies also have a role in encouraging physical activity and there are a range of stakeholders across the third and private sectors, including facility providers and grassroots sports clubs. The department is currently developing a new sports strategy to replace its 2015 strategy, which will work alongside Sport England's own strategy published in 2021.

Relevant reports

- NAO report: Grassroots participation in sport and physical activity – Session 2022-23 (HC 72)
- PAC report: Grassroots participation in sport and physical activity – Session 2022-23 (HC 46)
- Treasury Minutes: March 2023 – Session 2022-23 (CP 828)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below by the Department for Culture, Media and Sport (the department) and Sport England.

5. PAC conclusion: It is unacceptable that Sport England does not know where in the country its grants are spent or whether these are genuinely helping those most in need.

5. PAC recommendation: Sport England should, as part of its 2023–24 Annual Report and Accounts, clearly set out a full geographical breakdown of where its funding is being spent and how it is ensuring spending is targeted at deprived and less active communities. If this is not possible, it should write to us and explain why that is the case and commit to implementing in future annual reports.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2024

5.2 As outlined in the progress update of December 2023 Sport England publishes an updated register of grant awards on a quarterly basis, with awards dating back to 2009 listed in full. Sport England has updated the award listing dating back from April 2019 to June 2023 to reflect the region and local authority of where its funding is disseminated to ensure that spending is targeted at deprived and less active communities.

5.3 Sport England will continue to provide a breakdown of where National Lottery and Exchequer funding is invested on a quarterly basis. In some cases, where funding supports the delivery of activity across a local authority area, counties or regions, Sport England does not currently capture the range of locations where beneficiaries may reside. Sport England will seek to capture this data moving forward.

5.4 Since 2022 Sport England has invested more than £534 million into 132 system partner organisations to deliver system-wide change and to level up access to sport and physical activity across the country. In March 2024 Sport England commissioned its system partners to provide a breakdown of their investment levels at a regional level.

5.5 Sport England will set out appropriate detail to the Committee and explain how investments are being targeted at deprived and less active communities by October 2024.

5.6 This information will be published in October 2024 and will be reflected in the 2023-24 Sport England Annual Report and Accounts.

Thirty-third Report of Session 2022-23

HM Revenue and Customs

HMRC Performance in 2021-22

Introduction from the Committee

HMRC employs around 63,000 people and is responsible for administering the UK's tax system. For 2021–22, HMRC's strategic objectives were to: collect the right tax and pay out the right financial support; make it easy to get tax right and hard to bend or break the rules; maintain taxpayers' consent through fair treatment and protect society from harm; make HMRC a great place to work; and support wider government economic aims through a resilient, agile tax administration system. In 2021–22, HMRC reported £731.1 billion of tax revenues, an increase of £122.3 billion (20.1%) compared to 2020–21. HMRC estimates the yield from its tax compliance activities in 2021–22 was £30.8 billion, up 1.1% compared with 2020–21 (£30.4 billion). As well as its traditional responsibilities for tax collection and administering Personal Tax Credits and Child Benefit, HMRC continued to play a major role in implementing the government's response to the COVID-19 pandemic. In 2021–22 it provided £16.5 billion of support to businesses and individuals under the Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme, both of which ended in September 2022. Total support provided across the lifetime of the schemes was £96.9 billion. As part of administering the tax system HMRC is also responsible for managing tax reliefs, including the research and development reliefs.

- NAO report: HM Revenue and Customs 2021-22 Accounts
- PAC report: HMRC Performance 2021-22 – Session 2022-23 (HC 686)
- Treasury Minutes: March 2023 (CP 828)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

2: PAC conclusion: Resourcing HMRC's compliance work to maintain rather than reduce the tax gap means the government is missing out on billions in lost revenue.

2b: PAC recommendation: HMRC should also calculate and report an uncertainty range for its headline tax gap estimate to provide more transparency to users of the estimate.

2.1 The government disagrees with the Committee's recommendation.

2.2 HMRC has considered the feasibility of calculating an overall level of uncertainty in the headline tax gap estimate. After carefully reviewing possible options to identify and implement an analytically robust range for the headline tax gap estimate, HMRC considers that this is not feasible. Within the Measuring Tax Gap publication there are around 25 tax gap models each with their own level of uncertainty, and an associated uncertainty rating from "Very Low" to "Very High". Upper and lower bounds are calculated for around two-thirds of the individual models feeding into the overall headline tax. For the other third there is no robust analytical methodology for estimating the range of uncertainty in the estimates.

2.3 HMRC publishes uncertainty ratings for all elements of the tax gap – this was implemented from a previous PAC recommendation - and started doing so in Measuring Tax Gaps 2021. This was to give users of the publication a sense of how confident HMRC is in the estimates given the lack of upper and lower bounds in some tax gap models. This is regularly reviewed and updated in time for each publication. Within the opening chapter HMRC provide users with information on how the uncertainty ratings have changed between publications and what the percentage of the tax gap value is covered by “Very Low” to “Very High”. HMRC explain any changes to the uncertainty ranges within the Methodological Annex, giving users further detail on the uncertainty and why it has changed or remained the same as previously.

4: PAC conclusion: We are concerned that HMRC may be lagging behind other established tax authorities in preventing fraudulent VAT registrations.

4: PAC recommendation: HMRC should engage with its international counterparts to understand what lessons it can learn in preventing fraudulent VAT registrations and minimising the impact to honest taxpayers.

4.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

4.2 HMRC has engaged directly with its counterparts in several international tax revenue authorities to inform consideration of opportunities to improve HMRC’s capability to identify and prevent fraudulent VAT registrations while ensuring genuine customers are not negatively impacted. The key lesson learned is that use of robust identity verification and authentication (IDV&A) capabilities is a core requirement of a secure and effective VAT customer registration journey, leading to an increased level of confidence that the person registering the business is who they say they are. HMRC is actively engaging with Government Digital Services (GDS) in the development and implementation of the Gov.UK One Login programme, which will lead to improvements both in tackling identity-based frauds and the service offered to customers. HMRC is committed to continue the engagement with overseas tax authorities to further explore the initial lessons learned from the exercise, which reach beyond preventing fraudulent VAT registrations and include, for example, cost to serve comparisons.

6: PAC conclusion: HMRC has further to go until it can differentiate between taxpayers who are genuinely struggling, and those who can afford to meet their liabilities but are choosing not to.

6b: PAC recommendation: HMRC should also set out when its single customer account will be ready and consider how it can bring the implementation of it forward.

6.1 The government agrees with the Committee’s recommendation.

Target implementation date: June 2025

6.2 HMRC’s implementation of the Single Customer Account remains on track to complete delivery for April 2025. Delivery involves the regular release of new and improved customer centric digital services online and in the HMRC app. These are targeted where taxpayers need most support. This is already reducing phone contact and post and making it easier for individuals to manage their tax affairs digitally.

6.3 As previously reported in December’s update to the Committee, recent deliveries include:

- bringing together existing personal tax digital services to deliver a more personalised, consistent look and feel through the online account;

- a new digital Child Benefit service. This has been accessed over 2 million times and is helping reduce calls and paper claims whilst speeding up payments to customers;
- a service to store National Insurance number in a digital wallet;
- functionality to view and download your five-year employment history - leading to a 53% reduction in customer calls for this service;
- implementing new technology to make the online journey simpler and support customers through digital channels such as Webchat and Digital Assistant.

6.4 The Single Customer Account programme is ahead of its financial benefits forecast profile and aims to reduce demand to non-digital channels by 30% overall by 2025 compared with 2021-22, through increased use of automation, improved guidance and digital self-service.

Thirty-fourth Report of Session 2022-23

HM Treasury, UK Infrastructure Bank

The Creation of the UK Infrastructure Bank

Introduction from the Committee

Investment in infrastructure is essential to outcomes for consumers, the environment and disadvantaged areas of the country. In June 2021, the Treasury launched the UK Infrastructure Bank to encourage private finance alongside public investment, and to achieve two strategic objectives – helping to tackle climate change, and supporting regional and local economic growth. The Bank was set up as a publicly owned company, in part to be seen to be independent of government. The Treasury is the sole shareholder, with UK Government Investments as its representative on the Bank's Board. The Treasury has provided the Bank with up to £22 billion of public money over its first five years, for loans, equity investments and guarantees to support infrastructure projects. The Bank will also provide an expert advisory service helping support local authorities with infrastructure projects and will make loans directly to local authorities wishing to invest in infrastructure.

Relevant reports

- NAO report: The Creation of the UK Infrastructure Bank – Session 2022-23 (HC 71)
- PAC report: The Creation of the UK Infrastructure Bank – Session 2022-23 (HC 45)
- Treasury Minute: March 2023 (CP 828)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

2. PAC conclusion: The Treasury and the Bank have not yet put in place the conditions necessary for the Bank to be a successful and long-lasting institution.

2. PAC recommendation:

- ***The Treasury and the Bank should report to Parliament six-monthly on the roll-out of the Bank, including updates on recruitment, deals made and progress towards the operation of their own internal systems (e.g., IT systems). This should include timescales for future milestones.***
- ***The Treasury needs to be much clearer in its reporting of its expectations of the Bank, including its financing support, its plans for taking dividends, and the long-term ownership plans by defining more clearly what it means by the phrase 'long-lasting institution'.***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 In correspondence dated, 30 April 2023 and 16 June 2023 the Permanent Secretary committed to providing further details of how HM Treasury will assess whether roll-out of the UK Infrastructure Bank (the Bank) is complete. HM Treasury would assess the Bank on the following metrics:

- Recruitment: contracts are signed for all end-state roles at the Bank (based on the Bank's updated organisational design as completed in October), subject to a small number of permanent roles to be recruited in 2024-25.
- Capabilities: guarantee and direct equity capabilities are established and the first deals of each are signed.
- Systems: the Bank has migrated off HM Treasury systems, implemented WorkDay (which enables UKIB to reduce reliance on Excel spreadsheets and utilise the software for planning and forecasting purposes, such as in developing its business plan) and completed procurement for their Strategic Banking solution.

2.3 The Bank wrote to the Committee on 26 June 2023, 25 October 2023, and most recently on 18 April 2024, in which they provided updates of the Bank's progress against these metrics and in their latest correspondence, they confirmed that they had now met the above targets. Since its launch, UKIB has announced 31 deals in total, investing approximately £3.08 billion, unlocking over £10.4 billion in private capital and over 8,200 jobs (created and supported).

2.4 In correspondence dated 16 June 2023 the Permanent Secretary provided details on HM Treasury's expectations of the Bank, including its financing support, its plans for taking dividends, and the long-term ownership plans.

Thirty-fifth Report of Session 2022-23

Department of Health and Social Care

Introducing Integrated Care Systems

Introduction from the Committee

Integrated Care Systems are new organisations joining up NHS bodies, local authorities, and wider partners involved in providing health and care in local areas. Forty-two ICSs in England serve populations ranging in size from around half a million to three and half million people. They were introduced into legislation in July 2022 through the Health and Care Act 2022, although many had been operating in shadow form on a non-statutory basis for several years prior to this. The Department has overall policy responsibility for health and social care in England. NHS England leads implementation of national policy and strategy for the NHS elements of ICSs which it oversees through its regional teams. ICSs have four key aims: improve outcomes in population health and healthcare; tackle inequalities in outcomes, experience, and access; enhance productivity and value for money; and help the NHS support broader social economic development.

Relevant reports

- NAO report: Introducing Integrated Care Systems – Session 2022-23 (HC 655)
- PAC report: Introducing Integrated Care Systems – Session 2022-23 (HC 047)
- Treasury Minute: March 2023 (CP 828)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

3. PAC conclusion: The Department has started taking some action to address workforce challenges in social care, but vacancies have increased by 50% in the last year and the number of people working in social care fell in 2021/22 for the first time in at least 10 years.

3a. PAC recommendation: Alongside its Treasury Minute response, the Department should

- ***write to us by the end of March 2023 and provide a breakdown of how it spent and what impact it achieved, in terms of health outcomes as well as operational improvements, from the £500m committed to workforce reform in December 2021.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

3.2 This government's priorities are making sure people have access to the right care, in the right place and time. To remain focused on these priorities and address identified immediate needs, some changes to previously outlined plans have resulted. The government has allocated c.£250 million of the original £500 million funding to deliver improvements to workforce capacity. This is within the £570 million MSIF-Workforce fund published 28 July 2023.

3.3 In April 2023, the government published Next steps to put People at the Heart of Care setting out next steps on the reform journey, including government plans to spend the remaining £250 million on workforce reforms over the next 2 years.

3.4 This government has made good progress in implementing the next steps. Specifically, £15 million in international recruitment regional support funds were awarded across May/June 2023. The government launched the first national career structure for care workers in January 2024 so that all staff can build their careers and more experienced care workers are recognised for their skills. As part of the same announcement, the government announced a new level 2 social care qualification and funding to support 37,000 completions. The government announced further plans for use of the £250 million budget in January 2024 and will provide more detail during the summer of 2024.

5. PAC conclusion: The NHS estate is in an increasingly decrepit condition, but the Department seems unable to make timely decisions to address these problems.

5a. PAC recommendation: The Department and NHS England should ensure the capital strategy is published in early 2023. This strategy should set out an analysis of need and plans to address this.

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

Revised target implementation date: Summer 2024
Original target implementation date: 2023

5.2 The government agrees with the committee's recommendation but not the conclusion. The department has continued to make progress on publishing an updated Capital Strategy. The department and NHS England are continuing to work together to produce an updated assessment of health infrastructure need across the NHS. This work is currently in train and will provide a better understanding of NHS estate requirements, and therefore where capital investment is best placed to deliver key outcomes such as the productivity targets set out in the Long-Term Workforce Plan.

5.3 As noted in this letter to the Committee chair, the Capital Strategy is now due to be published in 2024 in order to adequately assess the infrastructure requirements of our health and social care sector, and to ensure this updated assessment will appropriately inform the updated Strategy. The updated Capital Strategy will therefore set out this analysis of need and plans to address this.

5.4 The strategy will undergo internal and wider cross-government review before publication later in 2024.

5b. PAC recommendation: The Department and NHS England should also provide an annual progress update against the strategy, to include progress on nationally determined commitments and priorities, such as the New Hospital Plan, and system-wide ICS-led issues such as addressing the backlog of maintenance work. The progress update should also include details of when the Department and NHS England expect to make decisions that affect current and potential capital projects, to enable ICSs to plan with more certainty.

5.5 The government agrees with the Committee's recommendation.

Revised target implementation date: 2025
Original target implementation date: Summer 2024

5.6 The government agrees with the committee's recommendation but not the conclusion. As suggested through the most recent Treasury Minute Progress Report, although the government agrees with the Committee's recommendation to monitor progress against the strategy, it suggests that these updates are provided to the Committee as necessary rather than annually. The government also notes that whilst details concerning decisions that affect current and future capital projects can be included in progress updates if appropriate, such decisions will be communicated via the regular channels.

5.7 As announced earlier this year, the government stated its intention to move to a rolling programme of investment in NHS hospital infrastructure. Moving to rolling programmes of capital investment, alongside the publication of ICS Infrastructure Strategies, will enable local systems to plan capital investments with greater certainty.

5.8 The implementation date of this recommendation has been updated to reflect the revised date for publication of the Capital Strategy, as outlined in the letter to the Committee of 7 November 2023.

Thirty-sixth Report of Session 2022-23

Ministry of Defence

The Defence digital strategy

Introduction from the Committee

The Ministry of Defence (the department) has developed the digital strategy for Defence (the strategy), which describes how it intends to transform its use of technology and data. By 2025, the department aims to create:

a) a digital 'backbone' – this is how the department describes the technology, people, and processes that will allow it to share data seamlessly and securely.

b) a digital 'foundry' – a software and data analytics centre to exploit this data; and

c) a skilled and agile community of digital specialists – who will help digitally transform the department.

The department's chief information officer (CIO) leads Defence Digital, an organisation within Strategic Command. The CIO sits on the department's Defence Delivery Group (DDG) and reports jointly to the commander of Strategic Command and the Second Permanent Secretary, who holds senior accountability for digital across Defence. The CIO and Defence Digital, which controls £2.7 billion of the department's estimated annual £4.4 billion spend on digital, are responsible for leading the implementation of the strategy.

Relevant reports

- NAO report: The Digital Strategy for Defence: A review of early implementation – Session 2022-23 (HC 797)
- PAC report: The Defence digital strategy – Session 2022-23 (HC 727)
- Treasury Minutes: March 2023 (CP 828)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987), the remaining recommendation is updated below.

6. PAC conclusion: The department is not yet able to share and exploit data across the Armed Forces and with partners effectively enough.

6. PAC recommendation: The department should set out in its April 2023 update to the digital strategy, how it will measure its progress in creating the 'backbone' and track its balance of effort between data enablers and data exploitation.

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: May 2024
Original target implementation date: April 2023

6.2 The department has updated the digital strategy for Defence to align it with the Defence Command Paper refresh, and Defence Plan, of 2023 and the changing threats that the UK face. It incorporates the shift to an Integrated Procurement Model as announced by the Minster for Defence Procurement in February 2024, and the Integrated Design Authority.

6.3 Other updates include reinforcing the concept of the Digital Backbone, detailing the building blocks of people, process, data, technology and cyber, that Defence must have in place to persistently deliver and exploit modern digital capabilities as a transformative component of the Digital Enterprise. In doing so it restates the importance and role in digital exploitation of the federated enterprise that comprises of the Digital Foundry and Defence Artificial Intelligence Centre (DAIC), provides further detail on the commitment to shift from a 'build' posture to a primary focus on exploitation via an established digital backbone, with the Digital Strategy Delivery Plan as the mechanism for visibility on implementation.

6.4 In May 2024, the updated edition was subjected to a clearance process, including ministerial approval, prior to publication at the end of May.

Thirty-eighth Report of Session 2022-23

Department of Health and Social Care

Managing NHS backlogs and waiting times in England

Introduction from the Committee

At the start of the COVID-19 pandemic, the NHS in England had not met its elective waiting time performance standard for four years, nor its full set of eight operational standards for cancer services for six years. Due to the pandemic, the number of people receiving elective and cancer care initially reduced sharply. Between March 2020 and August 2022, on average there were 8,300 COVID-19 patients in hospital in England at any one time, with peaks in this number during waves of infection. Backlogs of patients, both visible on waiting lists and hidden because they had not yet seen a doctor, grew rapidly.

The expectations for recovery were agreed by the Department of Health and Social Care (the Department) and NHS England (NHSE). The government announced an additional £8 billion of resource and £5.9 billion of capital funding for recovery from 2022–23 to 2024–25. In February 2022, NHSE published a plan to recover elective and cancer care over the three years from April 2022 to March 2025. This planned recovery is essential but in itself only partial. The NHS will still be operating below its legal and operational standards for elective and cancer care even if all targets are met.

Relevant reports

- NAO report: Managing NHS backlogs and waiting times in England (nao.org.uk) – Session 2022-23 (HC 799)
- PAC report: Managing NHS backlogs and waiting times in England (parliament.uk) – Session 2022-23 (HC 729)
- Treasury Minute: Managing NHS backlogs and waiting times in England (CP 845)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

2. PAC conclusion: NHS England was over-optimistic about the circumstances in which the NHS would be trying to recover elective and cancer care.

2. PAC recommendation: NHS England and the Department of Health and Social Care should revisit their planning assumptions for the recovery and publicly report any updates to targets so that patients and NHS staff can see a clear and realistic trajectory to achieve the 62-day cancer backlog target, the 52-week wait target for elective care, and, ultimately, the 18-week legal standard for elective care.

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2025
Original target implementation date: Spring 2024

2.2 The assumptions behind the Elective Recovery Plan were agreed between government and the NHS. These assumptions did not include Industrial Action, and this has had a significant impact, with almost 1.3 million appointments having to be rescheduled during

2023-24. Despite this disruption, NHS staff have continued to make progress to bring down the longest waits for patients.

2.3 Waits of more than 65 weeks stood at 48,968 in March 2024[3], which is down 79% from the peak of 233,051 in June 2021. There have also been small but consistent reductions in the total waiting list number: it reduced for a sixth consecutive month in March 2024[4], to 7.54 million waits for procedures and appointments and an estimated 6.29 million people waiting for care.

2.4 The cancer backlog fell in 2022-23 for the first time since 2017-18, and this progress has continued through 2023-24, with the backlog level now lower than an equivalent pre-pandemic. The Faster Diagnosis Standard was met for the first time ever in February 2024, at 78.1%, a full 3% higher than the 75% standard.

2.5 In the Operational Planning Guidance for 2024-25, systems are asked to virtually eliminate waits of 65 weeks or more by September 2024 (a six-month delay to the original target due to the impact of industrial action), to improve Faster Diagnosis Standard performance to 77% (2% higher than the formal target threshold), and ensure that 70% of people wait less than 62 days from an urgent referral to first treatment of cancer, building on the progress made on the backlog over the past two years.

2.6 As part of the Spending Review 2024 process and wider medium-term strategy, the government will work with NHS England on a trajectory for the return to the Referral to Treatment (RTT) constitutional standard and the revised cancer waiting times standards.

[3] Management information for the latest month is taken from the Waiting List Minimum Dataset which is subject to less validation than the published monthly figures and does not include estimates for missing providers (133 of 135 acute trusts submitted data for the latest month).

[4] From Feb-24 data onwards, community service pathways should no longer be reported in RTT datasets – see 'Change to recording of community service pathways' section in the RTT statistical press notice for more information: Feb24-RTT-SPN-Publication-PDF-only-445KB-08666.pdf (england.nhs.uk)

Fortieth Report of Session 2022-23

HM Revenue and Customs & HM Treasury

COVID employment support schemes

Introduction from the Committee

In March 2020, in response to the COVID-19 pandemic, HM Treasury and HM Revenue & Customs (HMRC) (collectively the Departments) put in place two schemes to provide financial support for jobs adversely affected by the COVID-19 pandemic and to avoid mass unemployment. The schemes were the Coronavirus Job Retention Scheme (CJRS) for businesses and their employees, and the Self-Employment Income Support Scheme (SEISS) for the self-employed. The Departments worked together to design the schemes, with HMRC responsible for administering them.

The schemes were extended several times before closing in September 2021. In total the schemes cost £96.9 billion. The Departments distributed £68.9 billion of furlough payments through CJRS to 1.3 million employers covering 11.7 million individual jobs, and £28.1 billion over five SEISS grants to 2.9 million self-employed people. The schemes' costs include an estimated £4.5 billion of error and fraud. The first three of the five SEISS grants paid £3.5 billion to people whose self-employed income did not reduce in 2020–21. Spending on CJRS by October 2020 included £1.5 billion paid to employers whose turnover did not fall, and who would not have cut their workforce even without the grant.

In December 2020, we published our first report on these schemes as part of our inquiry into COVID-19: Support for jobs. We commended the Departments for implementing the schemes at pace but concluded that they could have done more to widen access to workers excluded, and to evaluate the schemes' impacts on different groups and to estimate their costs. We raised concerns that the levels of error and fraud were still not known and called on HMRC to outline the steps it would take to recover grants from recipients who made substantial profits or were not adversely affected by the pandemic.

- NAO report: Delivery of employment support schemes in response to the Covid-19 pandemic (HC 656)
- PAC report: COVID employment support schemes – Session 2022-23 (HC 810)
- Treasury Minutes: May 2023 (CP 845)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

3: PAC conclusion: HMRC's performance in recovering the £2.3 billion incorrectly paid to employers claiming furlough for employees who continued to work has been woeful.

3: PAC recommendation: HMRC should set out, in its Treasury Minute response, how it will improve its ability to recover furlough claimed for employees who continued to work.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 As planned, from March 2023 to September 2023 HMRC transitioned the work of the taskforce to business-as-usual tax compliance work. COVID-19 schemes risks are now addressed alongside risks of tax non-compliance. This approach allows us to deal holistically and efficiently with all aspects of a customer's potential non-compliance, related to the COVID-19 schemes and more widely.

3.3 In August 2023, HMRC agreed with the National Audit Office to provide a study on compliance pertaining to the "working while claiming" (WWC) risk in early 2024. This study focused on how HMRC established the WWC risk, how these risks were addressed (using civil and criminal powers, HMRC's caseworker guidance etc) and what insights HMRC had received from customer interaction and the ongoing work to combat this risk. HMRC shared this report with the NAO in March 2024. As with all COVID-19 compliance risks, HMRC continue to address the working while claiming risk alongside risks of tax non-compliance, drawing from lessons learned on what works well to identify and address this risk since compliance activity on the schemes began.

4: PAC conclusion: HMRC's decision to close the Taxpayer Protection Taskforce in 2023–24 puts at risk the recovery of taxpayers' money paid out as a result of error and fraud.

4a: PAC recommendation: HMRC should continue compliance work on the COVID-19 employment support schemes while it remains cost-effective to do so. It should set out, in its Treasury Minute response, how it will assess the cost-effectiveness of continuing compliance work after September 2023, and how it would compare to addressing fraud on other government spending.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 As planned, the Taxpayer Protection Taskforce closed at the end of September 2023, with COVID-19 scheme compliance activity now carried out alongside business-as-usual tax compliance work. HMRC remains committed to tackling error and fraud in the COVID-19 support schemes where this is the most cost-effective use of resources. Keeping the Taxpayer Protection Taskforce operational beyond September 2023 would not have provided the best value for the taxpayer. The taskforce's return on investment was £0.27 million per full time equivalent officer (FTE). This is significantly lower than business-as-usual tax compliance work, where we would expect to achieve more than £1.10 million per FTE.

4.3 HMRC can get a better rate of return from that resource by deploying it on wider compliance risks, including, but not restricted to, COVID-19 support scheme risks. HMRC will continue to prioritise the most serious cases of abuse in the COVID-19 schemes it administered. HMRC remains committed to tackling error and fraud in the COVID-19 support schemes where this is the most cost-effective use of resources.

4.4 HMRC Evaluations of the schemes concluded that the Coronavirus Job Retention Scheme was good value for money, with a positive net benefit to society of £50 billion and a social benefit to cost ratio of around 4:1. The Self-Employment Income Support Scheme was good value for money, with a positive net benefit to society of £14.2 billion and a social benefit to cost ratio of 3.8: 1.

4b: PAC recommendation: HMRC should report annually in its Report and Accounts the yield it obtains from COVID-19 employment support schemes and the levels of unrecovered error and fraud until it stops its COVID19 grants compliance activity all together.

4.5 The government agrees with the Committee's recommendation.

Recommendation implemented

4.6 HMRC published compliance outcomes in the Annual Report and Accounts 2022 to 2023. HMRC has continued to collect performance metrics on compliance activity in the COVID-19 schemes and for financial year 2023-24, HMRC will again publish the amount of prevented or recovered error and fraud in the Annual Report and Accounts 2023 to 2024. This will include the period up to the end of September 2023, when the Taxpayer Protection Taskforce transitioned into business-as-usual tax compliance activity and compliance outcomes since then up to the end of March 2024. For future years, reporting will be in line with HM Treasury reporting requirements.

Forty-second Report of Session 2022-23

Department for Work and Pensions

The Restart Scheme for long-term unemployed people

Introduction from the Committee

The Department launched Restart in June 2021, in response to the expected surge in long-term unemployment in the wake of the COVID-19 pandemic. Restart was designed to "provide intensive and tailored support to more than one million unemployed people and help them find work". On Restart, the Department refers unemployed claimants to employment support 'providers' who have a more systematic and intense approach to getting participants into work than the Department offers in a jobcentre. The Department purchased space for 1.4 million participants from eight prime contractors across 12 contract areas in England and Wales at a cost of £2.6 billion, though it expected demand for the scheme to be far higher than the amount of space it had purchased. The contracts are hybrid 'payment by results' contracts, which means the amount of money that each provider receives depends largely on the number of people moving into sustained work, although there is also a fixed delivery fee.

Shortly after Restart launched, the Department realised that its work coaches were referring far fewer people to the scheme than it had expected. In response, the Department widened the eligibility criteria for the scheme to increase the number of people who would be referred, and renegotiated the contracts. The Department now expects Restart contracts to cost £1.68 billion and that around 692,000 people will start on the scheme.

Relevant reports

- NAO report: The Restart scheme for long-term unemployed people – Session 2022-23 (HC 936)
- PAC report: The Restart Scheme for long-term unemployed people – Session 2022-23 (HC 733)
- Treasury Minutes: June 2023 (CP 847)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

5. PAC conclusion: The Department does not understand how well each of the individual 77 providers are delivering Restart compared to their peers.

5. PAC recommendation: While Restart is running, the Department should do more to collate and assess how individual providers are performing to increase transparency and competition between providers, and to identify pockets of best practice that might otherwise be lost when performance is compiled into a package area level. The Department should then seek to use this information as part of its evaluation.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

5.2 The Restart Scheme comprises 12 prime providers and 77 supply chain partners and the Department for Work and Pensions (the department) works through contracts with the 12 prime providers. The department is transparent and regularly publishes performance down to prime provider level, in line with other departmental contracted employment programmes. The National Audit Office (NAO) have recommended even greater transparency around the performance of the supply chain partners. Although the department has no direct contract with the 77 supply chain partners, it has agreed to compile Management Information (MI) and share prime provider supply chain information to explore best practice.

5.3 Since the department's last progress update in December, implementation of the recommendation is well underway. The first in a regular series of prime provider best practice events have been held with a focus on performance, using specific examples presented by providers to an audience of their peers. The ReAct partnership (an industry-led collaboration on research, continuous improvement and trialling) use their forums for the ongoing sharing of provider best practices, including those of previously unsighted subcontractor performance. The continued expectation is that performance improvements identified and evidenced as successful, will be adopted by all prime providers and disseminated through their supply chains.

5.4 As outlined in the previous update, the department will continue to evaluate, including through provider feedback, the usefulness of sharing MI to this level and consider whether there are additional opportunities to build further on the NAO and the Committee's recommendation. The Restart Scheme MI, and its underlying data, will be used for the quantitative work that underpins the scheme's impact assessment.

Forty-third Report of Session 2022-23

Home Office

Progress combatting fraud

Introduction from the Committee

Fraud is defined as an act of dishonesty, normally through deception or breach of trust, with the intent to make a gain or cause a loss of money or other property. In the year to June 2022, nearly 7% of adults in England and Wales experienced actual or attempted fraud. The Home Office estimates the cost of fraud against individuals is £4.7 billion but it does not have a reliable estimate of the cost of fraud against businesses. The Department is ultimately responsible for preventing and reducing crime, including fraud. It works with many other bodies including the National Crime Agency (NCA) and the City of London Police, which is responsible for overseeing Action Fraud, the national reporting service for fraud. In 2021–22, the Department provided funding totalling £33.25 million to City of London Police and the NCA aimed at tackling fraud. The Ministry of Justice has an important role in setting policy on criminal justice for fraud offences and the Crown Prosecution Service prosecutes criminal cases in England and Wales. The Department also needs to engage with other government departments; the finance, technology and telecoms sectors; and international partners, among others. In March 2022, the Department announced plans for a new fraud strategy but at the time we took evidence this had not yet been published.

Relevant reports

- NAO report: Progress combatting fraud – Session 2022-23 (HC 654)
- PAC report: Progress combatting fraud – Session 2022-23 (HC 40)
- Treasury Minutes: June 2023 (CP 847)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

2. PAC conclusion: Despite fraud being the most common crime in England and Wales, Government's communications with the public are still not effective.

2. PAC recommendation: The Department should set out, as part of its Treasury Minute response, how it will use the results of the National Crime Agency's (NCA's) research to improve the coherence and impact of its public awareness campaigns on fraud and how it will measure the impact of future campaigns.

2.1 The government agrees with this recommendation.

Target implementation date: ongoing until Spring 2025

2.2 Since the last update to the Committee, the department has launched its national campaign against fraud. The "Stop! Think Fraud" campaign launched on 12 February 2024 and is designed to be a high impact, highly visible campaign across TV, radio, social media and billboards. The objective is to drive behavioural change and encourage people to take actions to protect themselves from fraud.

2.3 There has been extensive stakeholder engagement in the development of the messaging used within the campaign. Including testing with representatives from across government, law enforcement, victim support organisations, the banking and technology sectors as well as academics and the general public. These collaborations will reinforce the impact and the campaign will be fully evaluated with the help of these stakeholders to understand shifts in fraud-related attitudes and behaviours. Results of the evaluation will be used to inform future communications activity.

2.4 The creation of an umbrella brand has allowed partners to use the brand in the right way for their audience, whilst being consistent with the campaign. This allows the department to amplify its messaging across a range of organisations with a streamlined message.

3. PAC conclusion: Victims of fraud are being failed by Action Fraud, which risks undermining public trust in the police.

3. PAC recommendation: The Department should set out, as part of its Treasury Minute response, how Action Fraud's replacement in 2024 will improve the way it engages with victims of fraud and updates them about their case and any plans it has to make improvements in the interim.

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Winter 2024
Original target implementation date: Spring 2024

3.2 Since the last update to the Committee, further design and build of the new Action Fraud service has taken place. Key items being developed are:

- A new user-friendly, accessible website for reporting fraud and cyber crime which is going through user testing and enhancements.
- A new data and intelligence platform.
- A criteria for prioritising cases based on vulnerability, harm and solvability of the case, and new alternative outcome channels.
- An Enhanced Cyber Reporting Service for cyber incidents.
- A strategy for the development of a new name and brand
- An end-to-end model setting out how the new service will function within the wider counter-fraud landscape.

3.3 Replacing Action Fraud is an ambitious and complex programme of work, and it is crucial to get it right to give victims the confidence that their case will be dealt with properly.

4. PAC conclusion: The Department has failed to support police forces to build the capacity or skills they need to tackle fraud effectively.

4. PAC recommendation: The Department should outline, as part of its Treasury Minute response, how it will increase both the priority of tackling fraud within territorial police forces and the capacity of police forces to investigate cases. The Department also needs to step up its support to police forces to ensure they can tackle fraud more effectively.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: ongoing until Spring 2025

4.2 Since the last update to the Committee, law enforcement partners continue to make steady progress in the recruitment and training of the new specialist officers for the National Fraud Squad and progress is on track. There are already around 400 officers in the National

Fraud Squad, (with around 300 of them being new). An additional 100 new officers will be in post by 2025. As part of the Fraud Strategy, the Home Office is reviewing the fundamental training offered to police officers relevant for fraud, including digital skills, to identify opportunities for improvement.

4.3 The government also continues to work with City of London Police (CoLP) in their role as National Lead Force for fraud to support forces in implementing the Strategic Policing Requirements, by overseeing wider policing's activity on fraud, promoting best practice and holding forces to account for delivery.

4.4 The CoLP continues to push for the prioritisation of fraud within police forces and through active engagement with His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). CoLP are keen for fraud to be included within any future HMICRFS inspections to ensure prioritisation. In light of fraud's inclusion in the Strategic Policing Requirements, CoLP continue to influence and motivate leadership with local forces to increase their dedicated resource towards the fraud threat.

5. PAC conclusion: The criminal justice system's current approach to penalising and sentencing fraudsters is insufficient to prevent the UK being seen as a haven for fraudsters.

5. PAC recommendation: The Department should work with partners in Government to address the recommendations of the Justice Committee's report Fraud and the Justice System.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: ongoing until Spring 2025

5.2 The government announced the commencement of the independent review on Thursday 12 October 2023. Due to the broad nature of the Review, it will report in two parts:

- Part 1: The Review is assessing the operation of the criminal disclosure regime, as set out in the Criminal Procedure and Investigations Act 1996. There is a focus on disclosure application for crime types with a large volume of digital material. The Review is also evaluating the Attorney General's Guidelines on Disclosure and will consider legislative and non-legislative modifications that could improve the regime. Part 1 is expected to report in Summer 2024.
- Part 2: Fraud Offences. The Review will assess whether fraud offences in law meet the challenges of modern fraud, including whether the penalties fit the crime. Part 2 is expected to report in Spring 2025.

5.3 The Economic Crime and Corporate Transparency Act gained Royal Assent on 26 October 2023. This Act includes measures to prevent fraud, including through identity verification for new and existing directors, beneficial owners and those who file information with Companies House. This will help the department to know the real people acting for and benefiting from companies.

5.4 Following recommendations by the Law Commission, it also includes a new corporate criminal offence of failure to prevent fraud.

5.5 The offence will encourage more companies to implement or improve prevention procedures, driving a major shift in corporate culture to help reduce fraud. The government is currently working with stakeholders to develop guidance for this new offence. The guidance is expected to be published in Summer 2024.

6. PAC conclusion: The Department's reliance on voluntary charters does not produce a strong enough incentive for industry to rapidly improve its response to fraud.

6. PAC recommendation: The Department should set out, as part of its Treasury Minute response, how voluntary charters will contribute to its fraud strategy, including what changes it expects to see as a result of the charters, by when these will be achieved and what action it will take if they are not.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: ongoing until Spring 2025

6.2 The Security Minister, through the Joint Fraud Taskforce, holds companies to account for delivery against their charter commitments. The government has also sought to legislate to incentivise companies to tackle fraud.

6.3 The Financial Services and Markets Act 2023 requires the Payment System Regulator to introduce mandatory reimbursement for Authorised Push Payment (APP) scams – where someone is tricked into sending money to a criminal. This mechanism which comes into effect in October 2024 will materially improve outcomes for APP scam victims and provide enhanced incentives for firms to prevent these scams in the first place. The government, alongside industry, is also continuing to design an Insurance Charter to help reduce insurance fraud that will be published in the Summer.

6.4 The first Telecommunications Fraud Sector Charter was successful in achieving its ambitions. For example, the sector has introduced firewalls that have detected and stopped over 900 million scam texts from reaching customers since January 2022. We have begun negotiations with the sector on a second charter.

6.5 Underpinning voluntary action on online fraud is the Online Safety Act 2023. This has given Ofcom powers to levy fines (up to the greater of £18 million or 10% of global turnover) if in scope companies do not fulfil their regulatory responsibilities in tackling fraud. Ofcom can also exercise its disruption powers to prevent persistently non-compliant companies from operating in the UK.

6.6 Complementary to the Online Safety Act, the government has agreed an Online Fraud Charter with the largest tech firms in the world with measures to protect the UK public from fraudsters.

7. PAC conclusion: The Department has not prioritised developing relationships with international criminal justice agencies.

7. PAC recommendation: The Department should set out, as part of its Treasury Minute response, how it will achieve a step change in the breadth and strength of its international relationships as part of its efforts to tackle fraud.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

7.2 To strengthen international collaboration on fraud, the Home Secretary hosted the inaugural Global Fraud Summit in London in March 2024. The Summit was attended by Ministers and representatives from across the Five Eyes (US, Canada, New Zealand, Australia), G7, Singapore and Republic of Korea, as well as INTERPOL, the Financial Action Task Force and the UN Office on Drugs and Crime. Also in attendance were over 200 leading figures from industry, academia and civil society. The key output was a communique which set out an agreed framework to tackle fraud. It is comprised of four key pillars:

- Building international understanding of the domestic and international fraud threat;
- Empowering the public by aligning and enhancing global messaging on fraud and driving forward global co-ordination of returning lost funds;
- Pursuing fraudsters acting transnationally; and
- Recognising the role of industry and encouraging stronger public-private collaboration.

Forty-fourth Report of Session 2022-23

HM Revenue and Customs

Digital Services Tax

Introduction from the Committee

HM Treasury and HMRC introduced the Digital Services Tax in April 2020 to capture the value added to major digital businesses by UK users interacting with online marketplaces, social media platforms and search engines. It is a tax on turnover, not profits, for business groups whose revenues from in-scope activities are more than £500 million and where more than £25 million is derived from UK users. HMRC collected £358 million for the year 2020–21 (30% more than forecast due to the unpredictable impact of the COVID-19 pandemic), with 90% coming from five business groups. Digital Services Tax is forecast to raise around £3 billion by 2024–25.

The UK is among many other countries seeking a multilateral solution to concerns about how the international tax system operates for global businesses. In mid-2023 OECD plans for around 140 tax jurisdictions to sign up to 'Pillar One and Two' reforms that are intended to allow countries where large multinational businesses derive income to tax them locally. This involves re-allocating some taxing rights over the largest and most profitable multinational business groups from their home countries to the tax jurisdictions where their customers and users are located. When the 'Pillar One' reform is introduced, the UK government will retire the Digital Services Tax. Legislation requires the tax to be reviewed by 2025.

Relevant reports

- NAO report: Investigation into the Digital Services Tax Session 2022-23 (HC 905)
- PAC report: The Digital Services Tax Session 2022-23 (HC 732)
- Treasury Minute: June 2023 (CP 847)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 987 above) the remaining recommendation is updated below.

3: PAC conclusion: There are obvious challenges facing the OECD in implementing the multilateral Pillar One reforms to the planned timetable, which could have major implications for the future of the Digital Services Tax.

3: PAC recommendation: HMRC should update Parliament, within three months of international agreement on implementation of Pillar One, on progress with the implementation of the reforms.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: 2024

3.2 In October 2023, the OECD Inclusive Framework's Task Force on the Digital Economy published a draft text of the Multilateral Convention (MLC) on Amount A.

3.3 Substantial progress has since been made to bridge the remaining differences between countries, with a view to agreeing the MLC and holding a signing ceremony by the end of June 2024.

3.4 Parliament can scrutinise the MLC through Parliamentary procedures governing the UK's ratification of treaties. This is anticipated to be in the second half of 2024.

3.5 The MLC can only enter into effect once at least 30 jurisdictions ratify it, where those jurisdictions include those in which the parent entities of at least 60% of the multinational groups in the scope of Pillar 1 reside.

3.6 The guidance on an optional Amount B simplified and streamlined approach to transfer pricing was published on 19 February 2024. Discussions continue on the conditions under which certain Inclusive Framework members may commit to apply Amount B to local distributors upon the entry into effect of the MLC.

3.7 The Amount B guidance will be adopted in the UK by Treasury Order referring to the latest OECD Transfer Pricing Guidelines. Further changes to domestic legislation may be required if the UK adopts optional aspects of Amount B. UK competent authorities may also reach agreement with treaty partners on treaty interpretation relevant to UK interpretation of Amount B.

3.8 The target implementation date for this recommendation is subject to progress on the international negotiations. The information included in this Treasury Minute is correct as of 15 May 2024.

Forty-eighth Report of Session 2022-23

The Ministry of Defence

MoD Equipment Plan 2022 - 2032

Introduction from the Committee

The Ministry of Defence (the Department) has published its Equipment Plan (the Plan) report each year since 2012, setting out its ten-year spending plans on equipment procurement and support projects. Its aim is to produce a reliable assessment of the affordability of its equipment programme, and to demonstrate to Parliament how it intends to manage its equipment funding. Each year the National Audit Office has published a report examining the Department's assessment of the Plan's affordability and its response to the financial challenges it faces.

The latest Plan, which is based on financial data at 31 March 2022 and was published in November 2022, covers the period from 2022 to 2032. The Department has allocated a budget of £242.3 billion to equipment procurement and support projects (46% of its entire forecast budget) and it assesses that this exceeds forecast costs by £2.6 billion (1% of the equipment budget). In total, the Plan contains forecast costs for some 1,800 equipment projects that it has chosen to fund following the 2021 Integrated Review of security, defence, development, and foreign policy. These include equipment in early-stage development, equipment that is already in use and budgets to support and maintain military capabilities.

Relevant reports

- NAO report: The Equipment Plan 2022 to 2032 – Session 2022-23 (HC 907)
- PAC report: MoD Equipment Plan 2022 - 2032 – Session 2022-23 (HC 731)
- Defence and Security Industrial Strategy: A strategic approach to the UK's defence and security industrial sectors March 2021 (CP 410)
- Defence Command Paper 2023: Defence's response to a more contested and volatile world: July 2023 (CP 901)
- It is broke and it's time to fix it: The UK's defence procurement system: Session 2022-33 (HC 1099)
- Treasury Minute: July 2023 (CP 902)
- Treasury Minutes Progress Report: December 2023 (CP 987)
- Equipment Plan 2023-2033: Update on Affordability Correspondence to PAC (4 December 2023)
- Equipment Plan: Update on Affordability: revised letter to PAC (12 January 2024)
- Integrated Procurement Model: driving pace in the delivery of military capability (February 2024)

Update to the Government response to the Committee.

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

2. PAC conclusion: The refreshed Integrated Review may revise judgements about operational requirements and identify new priorities which are not currently funded in the Equipment Plan.

2. PAC recommendation: The Department should clearly set out to HM Treasury as soon as it can what capability requirements and priorities arise from the refreshed Integrated Review, the funding requirements to provide these, and the risks arising from any shortfall. We expect to see the Department reflect these decisions in the next Defence Command Paper and its 2023 Equipment Plan and will challenge the Department on the changes next year.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The details of the implications for the equipment plan were set out in the department's letters to the Committee above of 4 December 2023 and 12 January 2024 entitled Equipment Plan 2023-2033: Update on Affordability alongside the publication of the NAO annual report into the equipment plan 2023-2033.

3. PAC conclusion: The Department has not demonstrated the necessary urgency to deliver enhanced capabilities to deter hostile parties.

3. PAC recommendation: The Department should reconsider whether it strikes the right balance between risk and delivery speed in procurement and write to us alongside its Treasury Minute response setting out its scope to deliver programmes faster. It should also set out in next year's Equipment Plan how it will ensure that the Army fully benefits from the investment in new equipment by the timely delivery of military hardware and the technology needed to enable interoperability.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department explained the implications for Army's forward equipment programme in an update letter to the Committee , alongside the NAO annual report into the equipment plan 2023-2033

4. PAC conclusion: The Department's assessment of the Equipment Plan's affordability still relies on over-optimistic assumptions about the cost of programmes and the efficiencies and cost reductions it will achieve.

4. PAC recommendation: In future Equipment Plans, the Department should explain the uncertainties that exist in its assumptions. It should present the affordability position as a range, based on a full assessment of internal and external uncertainties, and candidly set out what the best- or worst-case scenarios would mean for our Armed Forces' capabilities.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department provided an assessment of the key sources of uncertainty and risk in the forward plan in a letter to the Committee on 4 December 2023 alongside the publication of the NAO annual report into the equipment plan 2023-2033.

5. PAC conclusion: The Department has ignored the worsening economic environment in its latest Equipment Plan and faces significant financial pressures on its equipment programme.

5b. PAC recommendation: After the Integrated Review refresh, the Department must move quickly to achieve the assumed savings.

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

Recommendation implemented

5.2 The department provided an assessment of the level of efficiencies and savings in the forward plan in a letter to the Committee on 4 December 2023 alongside the publication of the NAO annual report into the equipment plan 2023-2033.

5c. PAC recommendation: After the Integrated Review refresh, the Department must assess the level of headroom it needs to respond promptly to changing external events.

5.3 The government agrees with the Committee's recommendation.

Recommendation implemented

5.4 The updated letter sent to the Committee on the equipment plan, alongside the NAO annual report into the equipment plan 2023-2033 on 4 December 2023, included commentary on the key risks to the affordability of the plan and the approach to managing the department's contingency.

6. PAC conclusion: We are concerned that the Department has not yet developed a supply chain that can reliably and quickly deliver the capabilities and stockpiles it needs.

6. PAC recommendation: The Department should write to us alongside its Treasury Minute response setting out its progress in developing a plan with the wider defence industry to improve the scale and efficiency of its supply chain.

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

Recommendation implemented

6.2 The department wrote to the Committee alongside its previous Treasury Minute response on 21 July 2023 to explain the action it is taking to work with the wider defence industry to improve its supply chain and acquisition processes.

6.3 This includes measures to adapt defence supply chains to increase resilience and de-risk them from future challenges such as the Defence Supply Chain Development Programme to support the development of stronger mid-tier companies and small medium-sized enterprises (SME) growth and development of a supply-chain tool that monitors the supply-chain and proactively alerts MOD to issues. The refresh of the Defence Command Paper sets out additional ambition to reset our relationship with industry and improve acquisition.

6.4 The Integrated Procurement Model was announced to Parliament on 28 February 2024 . The new model is designed to drive increased pace in delivery of military capability to UK forces on the front line.

6.5 Implementation started from April 2024 with initial integration services provided by UK Strategic Command's Integration Design Authority; new direction and guidance to support Spiral development; and decisions on new major programmes being informed by earlier, independent advice from experts that will inform the choices and trade-offs. Implementation will continue through 2024-2025.

Forty-ninth Report of Session 2022-23

HM Revenue and Customs

Managing tax compliance following the Pandemic

Introduction from the Committee

HMRC administers the UK's tax system and seeks to collect the right tax, to make it easy to get tax right and hard to bend or break the rules, and to maintain taxpayers' consent by treating them fairly. Before the pandemic, HMRC's strategy increasingly focused on prompting taxpayers to get their taxes right first time, for example by helping them understand tax rules or closing loopholes. HMRC also uses compliance enquiries and investigations to identify and respond to non-compliance, including more severe forms such as tax evasion and other criminal activity, and to provide a strong deterrent effect to encourage other taxpayers to take compliance seriously.

The COVID-19 pandemic changed HMRC's priorities. It had to quickly implement new COVID-19 support schemes such as furlough, and to provide additional support to taxpayers. This meant redeploying staff from across the department, including compliance staff. Lockdowns and social distancing also affected its ability to conduct investigations in person. Since then, the cost-of-living crisis has further affected taxpayers' ability to pay their tax, with debt to HMRC rising steadily.

Relevant reports

- NAO report: Managing tax compliance following the Pandemic – Session 2022-23 (HC 957)
- PAC report: Managing tax compliance following the Pandemic – Session 2022-23 (HC 739)
- Treasury Minute: July 2023 (CP 902)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

1: PAC conclusion: HMRC's reprioritisation of staff for the pandemic response inevitably led to less tax compliance activity.

1: PAC recommendation: HMRC should learn from the experience of staffing challenges in the pandemic and specify how it can respond more quickly where it looks likely compliance work will not keep pace with levels of non-compliance.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 In response to the Chair of the Committee of Public Accounts on 22 November 2023, HMRC outlined that compliance risk assessment and checking began as soon as the department received the first Covid-19 scheme claims, and post-payment compliance checking began as soon as the department had the necessary legislative powers in July 2020. HMRC's pre-payment compliance approach balanced the need to protect the Exchequer from overclaims due to error or fraud with ensuring that payments were made quickly enough to support the millions of employees and self-employed who urgently needed help during the pandemic.

1.3 HMRC recognised that the expected return on resources deployed on compliance activity on the Covid schemes would be lower than business-as-usual tax compliance work and would therefore lead to an opportunity cost. The £100 million in new funding provided to HMRC included not only the direct costs of the Taxpayer Protection Taskforce but also funding to mitigate that opportunity cost. HMRC recruited and trained an additional 400 new tax compliance officers with this funding, to backfill for the colleagues who had moved into the Taxpayer Protection Taskforce. It unavoidably takes time for new compliance officers to be effective; the additional funding means that over the medium term, up to 2025, there should be no impact on overall compliance yield performance.

1.4 HMRC's compliance planning uses established risking processes, informed by data, to identify any changes in compliance risks in the short, medium, and long term. HMRC's response to changes in compliance risk could include redeploying experienced compliance professionals or undertaking other activity to mitigate the risk, such as communication campaigns or process changes.

1.5 Any compliance activity needs to be undertaken by officers who are properly trained. HMRC did take the opportunity during the pandemic to have some administrative tasks undertaken by contingent labour, which is an approach the department would take again if it had to make a similar, large scale, emergency response.

2: PAC conclusion: HMRC does not expect to prosecute as many people for tax evasion as it did before the pandemic.

2: PAC recommendation: HMRC should develop a better understanding of the deterrent effect of its compliance work, for example by monitoring the future revenue benefit of prosecutions compared to those it decides not to prosecute. It should utilise the expertise of academics, if necessary, for example using the HMRC Datalab.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2024

2.2 HMRC's specialist analysis function is currently gathering and reviewing information from relevant existing research and analysis to underpin a refreshed analysis of deterrence effects of prosecutions, in response to this recommendation. The first stage of this work will be complete by the end of June 2024 and will deliver an initial methodology proposal.

5: PAC conclusion: We are concerned that HMRC may be overstating the impact of its compliance work, and that it is overcharging some taxpayers.

5a: PAC recommendation: HMRC should develop statistically robust estimates of the level of error in its compliance yield measure, and how far taxpayers are overcharged.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2024

5.2 HMRC conducts an annual review which evaluates professionalism and compliance in casework – the Tax Settlement Assurance Programme (TSAP). HMRC has reviewed the TSAP sampling frame and considers it appropriate to retain the present yield sampling parameters to maintain all TSAP testing objectives. Instead, HMRC will add a separate large yielding case assurance programme to the annual testing for 2024-25. HMRC concludes that the sample for TSAP will be retained on a calendar year basis rather than moving to financial year reporting. HMRC is on track to calculate estimates of the level of error in its compliance yield based on the 2023-24 TSAP by the end of June 2024, but these will not cover large cases. Better estimates of the level of error in compliance yield will be produced when results of the new assurance programme of large yielding cases has been undertaken.

5b: PAC recommendation: HMRC should demonstrate it has taken all proportionate steps to identify and correct overcharges. It should make clear what compensation is available if taxpayers are overcharged.

5.3 The government agrees with the Committee's recommendation.

Recommendation implemented

5.4 HMRC operates the assurance of casework model that tests a sample of cases to ensure they have been completed in line with the legal and policy framework. When it is detected that a customer has been incorrectly charged, the matter will be referred to the caseworker to remedy, and the assurance team will check it has been correctly actioned. This model is currently being refreshed (response to 5a above) and it is proposed testing is extended to open cases which will strengthen the approach to identifying and addressing incorrect charges.

5.5 HMRC pays interest and repayment supplement where appropriate. The repayment supplement includes redress to put the customer back in the position they would have been in, had the department not made a mistake or caused unreasonable delay, including:

- Reimbursing costs that the customer incurred in trying to put things right. These will be things like professional fees.
- Paying for the worry and distress that HMRC may have caused.
- Making payments for unreasonable delay.

Fiftieth Report of Session 2022-23

Cabinet Office

Government Shared Services

Introduction from the Committee

All government departments need a range of corporate functions to support their operations and people, including human resources, finance, procurement and payroll. For at least the last two decades, central government has been trying to achieve more sharing of these 'back-office' services across Whitehall departments to cut costs and improve efficiency. This work has been led by the Cabinet Office.

We have previously reported on government shared services in 2008, 2012 and 2016. In 2012, we highlighted that the Cabinet Office needed to learn from past mistakes, show strong leadership and get buy-in from departments. Four years later, government was still failing for much the same reasons: an absence of governance and leadership by the Cabinet Office; departments acting independently rather than collaboratively; the lack of a realistic business case; and a failure to develop standardised processes.

In 2018, the Cabinet Office published a new 10-year Shared Services Strategy with three objectives: delivering value and efficiency by moving to cloud-based technology by 2025, standardising processes and data across government, and meeting end-user needs. It delegated responsibility to government departments to deliver these objectives. After slow progress, the Cabinet Office revised its approach in 2021, concluding that allowing departments to work independently would not deliver its objectives. Instead, it grouped departments into five delivery "clusters" of varying size. Its revised approach aims to ensure that all departments are on cloud-based technology by 2028 at the latest, and to deliver savings of 10% to 15% in operating costs by 2028. In 2020–21, the approximate cost of providing back-office functions across major government departments was £525 million a year.

Relevant reports

- NAO report: Government Shared Services: Cabinet Office – Session 2022-23 (HC 921)
- PAC report: Government Shared Services – Session 2022-23 (HC 734)
- Treasury Minute: July 2023 (CP 902)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

2. PAC conclusion: The Cabinet Office did not produce an overarching business case for the Shared Services Strategy, which has hindered progress.

2. PAC recommendation: The Cabinet Office should revisit its "Case for Change" and revise it in line with HM Treasury's Guide to developing the project business case, reporting progress to us in its six-month update. In future, the Cabinet Office should always complete a business case for projects, programmes and strategies of this scale.

2.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

2.2 The government agrees with the Committee's recommendation, although notes that the Cabinet Office agreed to submit business cases for each cluster rather than as one unified programme, in order to reflect the varying stages and progress each cluster was making. A single business case would have slowed progress to the most complex cluster case. In future it would certainly aim to provide one strategic case.

2.3 In response to this recommendation an updated business case for change has been developed. This takes the key areas of a green book programme business case and embeds them in the Shared Services for Government case for change, to cover all areas whilst not confusing it with the cluster business cases. This will be assured by the Infrastructure and Projects Authority (IPA). The National Audit Office has agreed this is an acceptable approach.

2.4 Since the last update to the Committee there has been significant progress on the updated Case for Change. The first draft version of the updated Case for Change was shared with the Infrastructure and Projects Authority (IPA) and HM Treasury and feedback was incorporated into the final document.

2.5 Final figures from Cluster business cases were received as expected in April 2024, the relevant sections in the Case for Change were updated with the final draft shared on 10 April with all relevant stakeholders.

6. PAC conclusion: here are lessons to be learned from this strategy that will be applicable to future government projects.

6. PAC recommendation: The Cabinet Office should disseminate both positive and negative lessons learned from designing and implementing this strategy for other future cross-government projects to build on.

6.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

6.2 This has been progressed through the relationship management function. Over the last 18 months, there have been a number of lessons learned events with clusters as they reach different milestones in their implementations. There is a central repository of lessons learned documents and tools for future use.

6.3 The government previously updated the Committee with examples of lessons learned on 21 July 2023. Since then, the Overseas Cluster has published lessons from the implementation of their ‘Hera’ programme. Key recommendations for similar programmes include:

- designing appropriate governance mechanisms, also recommending that future programmes of this scale replicate the good practice of taking full advantage of internal and external assurance mechanisms.
- clear benefits owners are established from the outset; and that focus is given to the tracking of benefits going forward, both to stimulate them within the business, and confirm the validity of the business case
- greater attention and effort be directed early on at designing the Target Operating Model and associated business processes and roles, including after any changes in scope
- replicate the successful planning and execution of data migration and transition, but plan better for the likely backlogs

- more resources devoted to business change activities, to smooth the transition for users and enhance adoption

6.4 The IPA and Cabinet Office continue to work together to share insights from the Shared Services Government Major Projects Portfolio (GMPP) projects. Following gateway reviews the IPA share analysis across the programmes highlighting shared barriers along with good practice. The Shared Services Strategy team will continue to work with the IPA through the gateway reviews to share insights.

Fifty-first Report of Session 2022-23

Department of Environment, Farming and Rural Affairs

Tackling Defra's ageing digital services

Introduction from the Committee

Government as a whole faces a significant challenge from ageing IT systems, known as legacy IT. These systems are costly to maintain and have a large impact on services, with real-life consequences for people who use and rely on them. The Department for Environment, Food & Rural Affairs (Defra) is a complex organisation: as well as the main department, it comprises a range of arms length bodies (ALBs) and other bodies of varying size that make up the Defra Group. It provides services ranging from permits to move animals to monitoring air quality to paying grants, but many of the IT systems it uses are outdated.

In 2020, Defra estimated it needed to spend £726 million on modernising legacy services between 2021 and 2025, the second largest legacy spend requirement in government after the Home Office. Many of its 365 main applications use software that is now outdated: 30% of them are no longer supported by their supplier and 50% are in extended support, where Defra may have to pay additional charges for updates. Defra does not expect to resolve all its legacy issues until 2030. In the 2021 Spending Review, Defra received £871 million over three years for digital investment. This included £366 million for addressing legacy issues and bringing systems up to the necessary standard. The settlement was 58% of Defra's bid to HM Treasury.

The Central Data and Digital Office (CDDO) is part of the Cabinet Office. It leads the digital, data and technology function for government and is responsible for strategy, standards, and capability development. In June 2022, CDDO set out the government's latest approach to improving the conditions for digital transformation in *Transforming for a digital future: 2022 to 2025 roadmap for digital and data.*

Relevant reports

- NAO report: Modernising ageing digital services – Session 2022-23 (HC 948)
- PAC report: Tackling Defra's ageing digital services – Session 2022-23 (HC 737)
- Treasury Minute: July 2023 (CP 902)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987), the remaining recommendations are updated below.

2. PAC conclusion: Defra does not have a strategy or vision needed for its long-term digital transformation.

2a. PAC recommendation: Defra should develop its longer-term digital and data strategy and ensure that this reflects the digital needs of organisations across the Defra Group.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 Defra has developed its longer term digital and data strategy by consulting extensively with arm's length bodies as well as core department policy and strategy teams and aligning with the Central Digital and Data Office (CDDO) Roadmap. This has ensured that the Strategy reflects the digital needs or organisations across the Defra group. Defra's Executive Committee approved the Strategy in October 2023, and it has been published on Gov.UK.

2b. PAC recommendation: Defra should write to the Committee by the end of March 2024, outlining details of the actions planned in its strategy, including the measures it will use to monitor performance and how it will establish and implement Group-wide standards for technology and architecture.

2.3 The government agrees with the Committee's recommendation.

Recommendation implemented

2.4 Defra wrote to the Committee in March 2024, outlining the detail of actions planned in its strategy, including measures to implement performance. Defra also provided details of how it will establish and monitor Group-wide standards for technology and architecture.

6. PAC conclusion: Defra does not yet know how it will meet Government's ambitions for digital change within its existing resources.

6. PAC recommendation: Defra should:

a) strengthen its case for investment by developing its analysis of the efficiency savings that could be achieved through modernising its systems and processes;

b) write to the Committee within a year with the results of this analysis and what action it plans to take as a result.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: September 2024

6.2 Defra is continuing to analyse its own service landscape, including supporting technologies, to determine priority areas for investment ahead of Spending Review 2024 bidding and identify potential efficiency savings.

6.3 Defra will write to the Committee within a year of the analysis finishing to advise on the conclusions drawn and actions being planned as a result.

6.4 Defra is strengthening its case for investment by:

- Continuing to engage with CDDO on their work to prioritise delivery plans across Government over future years and will use this process to further inform Defra's own spending review 2024 bid.
- Identifying how savings could be made by modernising its systems and processes, informed by an analysis of its service landscape being developed as part of the Digital Transformation Strategy.
- Building its service ownership and reporting capability to enable better reporting on service costs and outcomes.
- Planning a group-wide Spending Review approach which will enable it to detail these potential savings and efficiencies.

Fifty-second Report of Session 2022-23

House of Commons, House of Lords, the Palace of Westminster Restoration and Renewal Delivery Authority and the Palace of Westminster Restoration and Renewal Sponsor Body

Restoration & Renewal of the Palace of Westminster – 2023 Recall

Introduction from the Committee

After more than two decades of discussion, in 2017 the House of Commons voted to renew the Palace of Westminster and its facilities and in 2019 Parliament formally passed legislation.to create a Sponsor Body, overseeing a Delivery Authority, responsible for restoring and renewing the Palace (the programme).

On 1 January 2023, following debates in both Houses, a statutory instrument implementing significant changes came into effect. As a result, Parliament has now abolished the Sponsor Body with the Clerk of the House of Commons and Clerk of the Parliaments taking joint accountability for restoring and renewing the Palace. It has established the R&R Client team to support the Clerks and hold the Delivery Authority, which continues its role, to account. Parliament also created a two-tier governance structure comprising a Client Board to make strategic choices and recommendations to a Programme Board.

Following the Commissions' proposal to change the programme in March 2022, the Sponsor Body paused working on a business case. Before the end of 2023, the R&R Client Team expects to return to Parliament and agree a way forward for the programme. It will then develop a more detailed business case.

Relevant reports

- NAO report: Restoration and Renewal of the Palace of Westminster: Progress update – Session 2021-22 (HC 1016)
- PAC report: Restoration & Renewal of the Palace of Westminster - 2023 Recall – Session 2022-23 (HC 1021)
- Treasury Minute: July 2022 (CP 722)
- Oral evidence: Restoration and Renewal Recall, 19 October 2023 (HC 1781)
- Treasury Minutes Progress Report: December 2023 (CP 987)
- Letter from the PAC to the House authorities, dated 17 November 2023 (HC 173)
- Letter from the House authorities to the PAC, dated 31 January 2024 (HC 173)

Update to the response to the Committee

Further updates to the last response recorded in this Treasury Minute will be sent directly to the Committee.

Fifty-third Report of Session 2022-23

Cabinet Office

The performance of UK Security Vetting

Introduction from the Committee

United Kingdom Security Vetting (UKSV) is the business area within the Cabinet Office that delivers national vetting services for all government departments and a wide range of other public bodies, as well as some private sector industries such as the aviation industry, whose staff need clearance to work in airports. UKSV moved into the Cabinet Office from the Ministry of Defence in April 2020 and later that year launched the Vetting Transformation programme, aiming to overhaul the vetting system, through the introduction of new systems, processes and policies. Security vetting provides assurance on individuals working with government assets and classified information. There are several different types of vetting levels with the most common being Counter Terrorist Checks (CTC), Security Checks (SC) and Developed Vetting (DV). DV is the most complex and allows individuals access to more sensitive government information and assets.

UKSV's performance deteriorated significantly in 2021–22 as demand for vetting increased with the easing of COVID-19 restrictions. Performance against key customer service targets have not been met since July 2021 and backlogs increased significantly. In January 2022, UKSV launched a delivery stabilisation plan to try and reduce backlogs and improve turnaround times for all clearance levels. Given limited resources, it has had to effectively pause its transformation programme to focus on its recovery plan.

Relevant reports

- NAO report: Investigation into the performance of UK Security Vetting – Session 2022-23 (HC 1023)
- PAC report: The Performance of UK Security Vetting – Session 2022-23 (HC 994)
- Treasury Minute: The Performance of UK Security Vetting (HC 902)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

1. PAC conclusion: The Cabinet Office has failed to get a grip of vetting services since it took over responsibility in 2020. It has not assessed the impact across government that delays to vetting can have when staff are unable to progress work because they do not have the appropriate level of security clearance.

1. PAC recommendation: The Cabinet Office should set out:

- ***When and how UKSV expects to clear the backlogs of CTC/SC and DV clearances, and any changes it intends to make to its working practices to avoid backlogs building up again in the future.***
- ***When it expects to meet its key performance indicators for CTC/SC and DV routine clearances and deliver the service government departments are paying for.***

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The government's response of July 2023 to the Committee's report set out the measures that had been put in place to stabilise performance, including a significant surge or resources, and the target timelines for achieving Key Performance Indicator (KPI) and target holdings levels for the United Kingdom Security Vetting's (UKSV) key products.

- UKSV met the Developed Vetting Initial (DVi) KPI (85% of clearances processed within 95 days) in June 2023. Performance has been maintained since that time.
- UKSV met the Security Check and Counter Terrorism Check (SC/CTC) KPI (85% of clearances processed within 25 days) in October 2023. Performance has been maintained since that time.
- UKSV successfully delivered the final milestone of delivering DV Renewals within or exceeding 85% KPI from 1st April 2024.
- In addition, UKSV continues to meet all KPIs for priority requests with performance up to the end of March 2024 as follows: DVi and DVr priority requests at 98.7%; DVi and DVr immediate requests at 100%; SC/CTC priority requests at 99.7%; and SC/CTC immediate requests at 100%.

The Cabinet Office will continue to work with vetting customers to identify vetting demand and identify efficiencies to ensure this performance is maintained, and holdings held at target levels.

3. PAC conclusion: We are concerned about the level of risk created by the Cabinet Office's decision to repeatedly defer renewals for DV clearances.

3. PAC recommendation: The Cabinet Office should develop a plan for how it intends to avoid repeatedly extending DV renewals going forward, and set out the key elements of this plan in its Treasury Minute response. The plan should include, for example:

- ***when it expects to be able to renew all DV clearances rather than automatically extending low-risk cases***
- ***how it intends to provide the additional staff resources required to renew all DV clearances***
- ***what steps it will take to ensure continuity of service on other vetting service lines whilst it tackles the backlog.***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 As of 1 April 2024 UKSV has successfully delivered the final milestone in the Delivery Stabilisation Programme (DSP). From this time there will be no further extensions of DV Renewals, and renewal cases submitted from that date will be delivered within KPI. Holdings of DV renewals are now within optimal range to ensure maintained stabilisation. As set out in the above response to recommendation 1, the Cabinet Office approved additional resources for this area enabling an increased capacity to deliver DV renewals and ongoing reviews of the processes to find opportunities to streamline processes and maintain performance will continue.

6. PAC conclusion: We are not convinced that current plans for the transformation of security vetting are any more likely to succeed than previous failed attempts.

6. PAC recommendation: The Cabinet Office should set out a clear implementation plan for vetting transformation, with interim milestones for each of the new vetting levels and a realistic completion date. It should set out the key elements of this plan in its Treasury Minute response to this report.

6.1 The government agrees with the Committee's recommendation

Revised target implementation date: Spring 2025
Original target implementation date: Winter 2023

6.2 As reported in the previous response to the Committee, Cabinet Office ministers considered proposals for the implementation plan for vetting transformation in October 2023. They supported a formal IPA reset of the programme and agreed to explore a modular approach to delivery. In addition, ministers endorsed the creation of a new United Kingdom Security Vetting Board to bring together the customer voice and corporate enablers to ensure a joined up approach to the delivery of vetting, and the recruitment of a new Transformation Director to lead the reset of the programme.

6.3 The initial IPA Review of the programme has now been completed. The new UKSV Board, which is chaired by the Minister of State Cabinet Office, met for the first time in November 2023 and endorsed the IPA Review and the recommended reset activity. The new Director has been appointed and joined in January 2024.

6.4 The programme team is now working through the necessary reset activity with the IPA and the Cabinet Office Portfolio Office. Progress is being made in completing the IPA recommendations and re-setting the strategic outcomes for the programme. It is anticipated that the Strategic Outline Case will be presented to the UKSV Board in Summer 2024. The IPA then anticipates that the programme will exit formal reset in September 2024. Due to the importance of ensuring these steps are completed to enable an assured and successful plan for transformation the target completion date for this recommendation has been moved to Spring 2025.

6.6 The Cabinet Office will share the more detailed plans with the Committee once the programme has exited formal reset.

Fifty-fourth Report of Session 2022-23

Department of Health and Social Care

Alcohol treatment services

Introduction from the Committee

The safe level of alcohol consumption continues to be the subject of research and policy debate worldwide, but excessive drinking can have costs for both society and individuals. An estimated 10 million people in England regularly exceed the Chief Medical Officers' low-risk drinking guidelines, including 1.7 million who drink at higher risk and around 600,000 who are dependent on alcohol. While most adults do not regularly drink to excess, according to the Health Survey for England 2021, an estimated 21% drink in a way that could risk their long-term health. Of the minority that are dependent on alcohol or are drinking at higher-risk levels, some seek support through alcohol treatment services.

The Department for Health and Social Care (the Department) is responsible for setting strategy on public health which includes setting national strategy and policy on tackling alcohol and drug misuse. The Office for Health Improvement and Disparities (OHID), part of the Department, is responsible for tackling preventable risks to health, improving the public's health and narrowing health disparities. Its responsibilities include providing data, guidance tools and support to help local authorities commission effective drug and alcohol treatment. Since 2012, local authorities have been responsible for commissioning drug and alcohol treatment services. In most cases, treatment provision has moved from separate alcohol and drug services to one integrated service. Local authorities receive an annual ring-fenced grant from the Department of Health and Social Care to help fund public health services. As a condition of the grant, government expects local authorities to improve take-up of, and outcomes from, their drug and alcohol treatment services. In December 2021, in response to Dame Carol Black's independent review on drugs, the government published a 10-year drug strategy which committed a further £533 million over three years on top of the public health grant to substance misuse treatment services. In 2021–22, local authorities reported spending £637 million on alcohol and drug services, a real term fall in spending of 27% compared with 2014–15.

Relevant reports

- NAO report: Alcohol treatment services – Session 2022-23 (HC 1129)
- PAC report: Alcohol treatment services – Session 2022-23 (HC 1001)
- Treasury Minute: Alcohol treatment services – Session 2022-23 (CP 902)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

4. PAC conclusion: We are concerned that a high proportion of people with alcohol dependency are not in treatment and that there are unnecessary barriers to people in need of treatment.

4. PAC recommendation: The Department should set out:

- ***how it is working with local authorities to address the barriers to people with alcohol dependency from getting the treatment they need: and***

- ***what it is doing to help improve integrated care for people with co-occurring alcohol and mental health problems and to ensure that they receive the support that they need.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

4.2 Supporting people with alcohol and drug dependence into treatment is a key aim of the drug strategy and the additional investment into the treatment and recovery system in England associated with it.

4.3 Although unmet treatment need is high Alcohol dependence prevalence in England - Gov.UK; (National Drug Treatment Monitoring System - Monthly - Adults), the number of people in treatment for alcohol (and not any other substance) has been increasing. Following additional investment to support the drug strategy, the Department of Health and Social Care has signed off and monitored all local system improvement plans. Local authorities achieved their planned increase in numbers for 2023 to 2024 and alcohol treatment numbers for 2023-2024 are the highest since records began in 2010.

4.4 DHSC provides data, tools and support to all local authorities to help them identify and address barriers to engagement with treatment including the unmet need toolkit and the commissioning quality standard. National and regional teams provide targeted interventions where areas need to significantly improve access to treatment.

4.5 DHSC worked with external experts to develop the UK clinical guidelines on alcohol treatment which were published for consultation in Sept 2023. The guidelines will be published in in Autumn 2024. Guidance covers addressing barriers to treatment and integrated care for people with co-occurring mental health conditions. Relevant chapters include 'Assertive outreach'; 'People experiencing homelessness'; 'People with co-occurring mental health conditions;' 'Developing inclusive services'.

Fifty-fifth Report of Session 2022-23

Department for Education

Education recovery in schools in England

Introduction from the Committee

In January 2022, there were 21,600 state schools in England, educating 8.3 million pupils. The Department for Education (the department) is responsible for the school system in England and is ultimately accountable for securing value for money from the funding provided for schools. To help limit transmission of the COVID-19 virus, schools were closed to pupils other than vulnerable children and children of critical workers from March to July 2020 and again from January to March 2021. During these periods, education for most children took place remotely at home.

Disruption to children's education during the COVID-19 pandemic led to lost learning for many pupils, particularly for disadvantaged children. The department has announced total funding of £4.9 billion to address learning loss and support education recovery, covering early years, schools and education for 16- to 19-year-olds. Most of this funding (£3.5 billion) is for recovery interventions in schools extending across four academic years, 2020/21 to 2023/24. The main interventions are: the National Tutoring Programme (NTP), which subsidises individual or small-group tutoring, with a focus on supporting disadvantaged pupils; the catch-up premium, which was per-pupil funding for schools during 2020/21; and the recovery premium from 2021/22 which, for mainstream schools, is allocated based on how many disadvantaged pupils they have

Relevant reports

- NAO report: Education recovery in schools in England – Session 2022-23 (HC 1081)
- PAC report: Education recovery in schools in England – Session 2022-23 (HC 998)
- Treasury Minutes: August 2023: (CP 921)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

2: PAC conclusion: Effective recovery relies on pupils being at school but absence is higher than it was before the COVID-19 pandemic, particularly among disadvantaged pupils.

2a: PAC recommendation: The Department should develop a better understanding of why disadvantaged pupils have higher rates of absence than others.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Department for Education has been working to develop a better understanding of the reasons behind disadvantaged pupils having higher rates of absence than their peers, including through:

- Importing attendance data directly from schools' electronic registers. Since being rolled out in 2022, the 'daily data' tool has provided the department and the sector with richer, more timely attendance data segmented by cohort which has improved our understanding of the problem over time;

- Undertaking a research exercise on school absences to gather the views of parents of children aged 4 to 16, including parents of children with special educational needs and disabilities (SEND) or on free school meals;
- Expanding attendance hub network so that now over 2,000 schools are part of an attendance hub programme. This has facilitated knowledge and best practice sharing within the sector;
- Commissioning and publishing an external evaluation of the department's attendance mentor pilot which provides targeted one to one support for those pupils most at risk. From this insight, the department is building a stronger understanding of the reasons behind absence;
- Undertaking regular engagement with third sector organisations with an interest in this cohort, including through the Attendance Action Alliance and Charity CEO Forum;
- Engaging with officials leading on attendance in other countries across the OECD to get a better understanding of the international situation and how others are responding to higher absence rates;
- Conducting evidence gathering sessions with schools and Multi-Academy Trusts with higher or lower rates of absence for disadvantaged pupils to inform policy development.

2.3 Analysis and front-line insight shows that the reasons are complex and overlapping. While there is no one cause for higher levels of absence for disadvantaged pupils, the department's evidence and response to the Education Committee's inquiry into "Persistent absence and support for disadvantaged pupils" noted that uniform costs, food, housing pressures, sense of school belonging, and parental and pupil mental health can all play a part.

2.4 The department is investing an additional £15 million rolling out the attendance mentor programme to another 10 areas, committing £8.9 million planned spend from the Local Needs Fund across 16 Priority Areas, and making the Working together to improve school attendance guidance statutory from August 2024.

3: PAC conclusion: We share the Department's disappointment that 13% of schools did not take up the National Tutoring Programme in 2021/22, meaning pupils at these schools missed out on the benefits of subsidised tutoring.

3: PAC recommendation: The Department needs to do more to understand why some schools are not taking part in the National Tutoring Programme and take more effective action to increase participation, informed by evaluation of the first two years of the scheme.

3.1 The government agrees with Committee's recommendation.

Target implementation date: August 2024

3.2 The department is using data on school participation, as well as information from Regional Delivery Partners, to determine which schools are currently not engaging with the programme. It is continuing to target these schools directly during the academic year 2023-24, by phone and email, to offer personalised support to help them overcome any barriers they are facing. This support draws on findings from the various external evaluations of the programme, both in demonstrating the impact of tutoring and setting out for schools how they can deliver tutoring effectively.

3.3 The department's National Tutoring Programme Evaluation and Reflections research project, which is being delivered by the National Foundation for Educational Research, has surveyed and interviewed schools that have never engaged with the programme. The department plans to publish the final report from this research shortly.

4: PAC conclusion: We are not confident that schools will be able to afford to provide tutoring on the scale required to support all the pupils who need it once the Department withdraws its subsidy.

4: PAC recommendation: The Department should monitor how much tutoring is being provided, in 2022/23 and 2023/24 when it is providing a subsidy, and in subsequent years, and intervene if tutoring levels drop significantly.

4.1 The government agrees with Committee's recommendation.

Target implementation date: December 2024

4.2 The department is continuing to monitor the volume of tutoring being delivered through its termly school census and year-end reporting exercise, while the programme is ongoing.

4.3 The department is considering the way in which it will monitor tutoring following the end of the programme, including ensuring that any monitoring activity places minimal burdens on schools.

Fifty-sixth Report of Session 2022-23

Department for Business and Trade

Supporting Investment into the UK

Introduction from the Committee

The government sees inward investment as important for supporting economic growth and for generating investment to support its priorities, which include meeting the net zero climate emissions target, reducing equalities between regions of the UK by levelling up, and becoming a science and technology superpower through innovation. Factors that may attract investors to the UK include growth opportunities, consumer demand, ease of setting up a business and an established rule of law. While the UK is an attractive destination for inward investment, it competes with other countries. Obstacles to investing in the UK identified by investors include a lack of financial incentives to invest and lack of skills in the workforce. The government aims to develop relationships with investors and to persuade them that the UK is the best destination for their investment.

In 2021–22, the Department for International Trade spent approximately £80 million on supporting inward investment. An estimated 634 of the Department's staff in the UK and overseas supported investment through identifying opportunities for investment in the UK, promoting these opportunities to potential investors, and seeking to attract and retain high-value investors. In 2020, the Department established the Office for Investment, jointly reporting to the Department and to the Prime Minister's Office, to improve its service for high-value investors where more effective cross-government working could help secure foreign investment. In February 2023, the government created the Department for Business and Trade, bringing together the business functions in the Department for Business, Energy & Industrial Strategy and the Department for International Trade. The new Department for Business and Trade shares responsibility for supporting inward investment with other government departments who hold responsibility for policy in specific sectors or policy levers that are important for investment, such as tax, regulation, and visa requirements.

Relevant reports

- NAO report: Supporting Investment into the UK - Session 2022-23 (HC 1080)
- PAC report: Supporting Investment into the UK - Session 2022-23 (HC 996)
- Treasury Minute: August 2023 (CP 921)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

1. PAC conclusion: The Department for Business and Trade and the Office for Investment are not doing enough to understand the impact of their work to support investment.

1. PAC recommendation: The Department should do further work to understand its impact. This should include surveying investors who decided against investing to establish why not and taking a systematic approach to learning lessons. The Department should also do more to understand why other countries are successful in attracting investment and what it can learn from them.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2024

1.2 The Department for Business and Trade (DBT) is implementing a series of measures to effectively monitor and evaluate its impact. This includes, but is not limited to, implementing the monitoring and evaluation framework for the Investment Transformation Programme to understand the role this has played in improving DBT operations and attempting to measure its influence on foreign investment into the UK. As part of the implementation of this framework, DBT is carrying out depth interviews with investors that did not invest into the UK to understand their reasons for not investing. DBT is also exploring different approaches through which insights from those businesses that have not invested in the UK to gauge their reasons and to understand if it was related to DBT's performance or wider UK attractiveness and competitiveness.

2. PAC conclusion: The Department focuses more on securing investment deals in the short term, rather than understanding the long-term economic benefits from investment.

2. PAC recommendation: The Department should review major investments it has supported over the last five years to check the current position on forecast benefits and wider economic impacts and use this to inform future work. It should also implement a structured approach to monitoring and evaluating progress with achieving benefits, for high-value investments in particular.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2024

2.2 The department has developed a plan to measure the current position of businesses that have invested over the past five years and comparing that with the forecast benefits at the point that the investment took place. The department is now testing the feasibility of this plan and is refining it. It is important to note that any measurement and comparison will be limited by the data that can be obtained and whether businesses are willing to provide updates five years after having invested, hence the importance of testing feasibility of analysis plans. This plan will be ready within the next few weeks.

3. PAC conclusion: Insufficient digital capacity is putting the Department's plans to increase impact at risk.

3. PAC recommendation: The Department should review the portfolio, priorities and capacity of its digital teams following the creation of the new department. Based on this review, DBT should assess the impact on the delivery of its investment transformation programme.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department's Digital Data and Technology (DDaT) teams collaborated closely with the Strategy and Investment Group to ensure the department's lean digital and data teams were focusing on the strategic priorities of the Investment Transformation Programme.

3.3 Since the creation of the new department, DBT has delivered an end-to-end online service offer for foundational - medium level investors called Expand Your Business. This service allows for international advisors in the UK and at Post to focus their support on high tier investors. This service is currently rolling out globally with initial feedback showing 78% user satisfaction rate (as of May 2024) [source - Expand Your Business performance dashboard]

3.4 By summer 2024, there will be a single front door for investors through Expand Your Business. This will allow investors to access the information they need from our live services Investment Atlas, Investment Support Directory and Buy from the UK through an automated triage logic. Creating a simplified user journey and greater value for money for DBT.

3.5 Dedicated data and monitoring and evaluation teams ensure data can be tracked on investment projects to allow DBT to be data driven and insight led.

3.6 The capacity and capabilities required in DBT's digital portfolio is reviewed during business planning on a yearly basis in conjunction with the needs of the business and DBT's investors, and reviewed as needed through the year through both DDaT and Strategy and Investment Group governance.

4. PAC conclusion: The Department is not yet doing enough to encourage investment into the areas of the UK where it can have the most impact on local economic growth.

4. PAC recommendation: The Department should work with the Department for Levelling Up, Housing and Communities to develop a more focused target for supporting investment across the UK, which reflects that Department's levelling up objectives and is directed at the geographical areas where investment is most needed. For example, the department for Business and Trade could consider a target for supporting investment 10–15 miles outside of a city centre.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: July 2024
Original target implementation date: March 2024

4.2 The department continues to improve its understanding and measurement of performance in supporting investment that contributes to Levelling Up and has taken several steps in line with its previous commitment to strengthen the local focus of the department in these areas, alongside generating more granular measures of investment need and new ways of measuring impact of investment across all parts of the UK.

4.3 New internal analysis has been developed to map relative subnational strengths in attracting and retaining foreign investment and are scoping how this can be used to directly inform and target DBT's investment policy and promotion activities, including its understanding of investment need. The department continues to collaborate closely with DLUHC in developing this analysis, including aligning our approach with Levelling Up White Paper metrics where possible.

4.4 For the Official Statistics DBT publishes on inward investment for the financial year 2023-24, DBT will present the geographical distribution of foreign direct investments and associated new jobs by international territorial level (ITL) classifications. This will enable application of DBT's data to other national statistics considering, among other elements, productivity as published by the Office for National Statistics.

4.5 This work will support a more nuanced understanding of the targeting our support in line with the government's Levelling Up objectives and help us target promotion to specific areas in the most effective way. In line with this, following the DBT data release, the department will write to the Committee displaying how job creation from DBT supported foreign investments have contributed to new employment in areas of differing degree of productivity across the UK including London and the South East. This is expected to be July 2024.

6. PAC conclusion: Government is not doing enough to ensure that efforts to attract foreign investment are well-coordinated across Whitehall.

6. PAC recommendation: The Department should engage with industry and investors to understand what they need from government and consider how it can influence other government departments more effectively to help tackle barriers to investment. It should also review lessons learned to date from the work of the OFI.

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: June 2024
Original target implementation date: April 2024

6.2 Lord Harrington carried out an independent review into how the UK approaches attracting inward investment. The report's scope included the government's approach to setting and driving investment priorities and the mandate of DBT and the Office for Investment (OfI). This has now been published in full and the government has responded to the six headline recommendations as part of the Autumn Statement.

6.3 As part of the response to the Harrington recommendations, the government is establishing a new Ministerial Investment Group (MIG), chaired by the Chancellor of the Exchequer with the Business and Trade Secretary as Deputy Chair. The MIG will aim to ensure the UK is best placed to secure new investment and retain and grow existing investment, with disciplined, targeted, and coherent investment promotion. The MIG will hold departments accountable for their role in achieving this. These investment efforts will be focused on the UK's key growth sectors identified by the Chancellor, and their respective visions. To ensure the effectiveness of the MIG, the department has convened two cross-government Director level meetings to review the agenda and investment cases.

6.4 DBT also uses a variety of channels to actively engage with investors of varying size and sectoral focus to understand how the government can work with them to secure new investment in the UK. This includes through the regular DBT-convened Investment Council, chaired by the Minister for Investment, which provides a regular forum to gather feedback from global investors. Recommendations and business insights from the Council continues to inform policymaking across government, including in infrastructure investment, automotive and renewable energy. Our sector and regional teams also engage with investors regularly to account manage and support the landing of high value, high impact investments, the analytical function is engaged with academia and multilateral institutions to ensure a rigorous approach to inward investment strategy and policymaking, and the Department.

6.5 DBT's Office for Investment lessons learned project has concluded. The recommendations have been considered alongside the Harrington Review as part of the Investment Transformation Programme transition and the Investment Directorate and the OfI have agreed ways of working after the Programme.

7. PAC conclusion: The recent machinery of government changes provide the Department with an opportunity to review its alignment with other government bodies that support investment.

7. PAC recommendation: The Department should review which government bodies have a role in supporting investment in the UK and consider how it could formalise working relationships, and align priorities and activities in supporting investment.

7.1 The government agrees with the Committee's recommendation.

Revised target implementation date: June 2024
Original target implementation date: February 2024

7.2 DBT continues to work across government with the aim of marketing the UK as an investment destination, utilising its business network improve the UK investment environment and attracting investment across all UK regions and sectors of the economy. This includes through the work of the Office for Investment (a joint DBT and Number 10 unit) which brings together cross-government levers to unlock and land the most strategic investments.

7.3 The creation of DBT has helped to align the government's approach on domestic and international policy, for example, the department is making progress on incorporating what was DIT's Foreign Direct Investment function with ex-BEIS policy areas, including domestic investment, business growth, supporting the scale-up of SMEs and ensuring that investment priorities are considered as part of the Smarter Regulation programme.

7.4 Regular communication routes are in place, including those at senior official and Permanent Secretary level with other government bodies where there is a shared interest in economic growth, including investment. DBT will continue to work closely with the devolved governments to ensure all constituent nations benefit from inward investment. This is formalised at the Executive Forum. Across the regions and nations DBT officials already work with key partners on investment promotion and we will continue to work to ensure there is a comprehensive offer for investors clear roles and responsibilities between DBT and partners.

7.5 Following the Harrington Review recommendation, the government is establishing a new Ministerial Investment Group (MIG) which will drive forward a programme of work across departments to progress our strategic approach to investment, building on the government's previous work across our 5 priority growth sectors (Green Industries, Advanced Manufacturing, Life Sciences, Digital Technology and Creative Industries). To ensure the effectiveness of the MIG, the department has convened two cross-government Director level meetings to review the agenda and investment cases. Separately, DBT together with HMT co-chair a Business and Growth Group which brings together Permanent Secretaries from relevant departments across government to discuss issues affecting investment and economic growth more broadly.

7.6 In the previous update, the department committed to undertake an internal review of its existing engagement with other departments and bodies that support inward investment. To address this action, DBT has completed an assessment of investment opportunities by department and set out a framework for cross-government investment promotion aligned with the Chancellor's Growth Sectors.

Fifty-seventh Report of Session 2022-23

The Department for Work and Pensions

AEA Technology Pension Case

Introduction from the Committee

AEA Technology (AEAT) was the commercial arm of the UK Atomic Energy Authority (UKAEA), and it was privatised in 1996. Around 4,000 employees were transferred to AEAT and joined the company's new pension scheme, and they had several options for the pension benefits they had already accrued in UKAEA, and the movement of these accrued benefits to the new scheme was given impetus by statements by ministers in the House of Commons. This included either keeping the benefits in the UKAEA public sector scheme, which was backed by government, or taking a special offer to transfer their accrued pension to a closed section of the new AEAT scheme. The government made assurances, including in statements by ministers and an information note provided by the Government Actuary's Department (GAD) to help scheme members make their decisions, that the new scheme would have equivalent benefits to the public sector one. Nearly 90% of eligible members chose to transfer their pension benefits.

In 2012, AEAT went into administration and the pension scheme subsequently entered the Pension Protection Fund (PPF). The compensation the PPF pays is typically lower than the original pension benefits. Since then, scheme members have raised concerns with various parts of government about information provided to employees in 1996 that informed their decision to transfer their pensions, and about the company's administration in 2012.

Relevant reports

- NAO report: Pensions transferred to AEA Technology when it was privatised – Session 2022-23 (HC 1169)
- PAC report: AEA Technology Pension Case – Session 2022-23 (HC 1005)
- Treasury Minute: August 2023 (CP 921)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

3. PAC conclusion: The AEAT case shows that there are gaps in the routes of appeal available for people raising complaints about their pensions.

3a. PAC recommendation: The government should review ombudsman arrangements to ensure that all aspects of people's interactions with their pensions have an adequate route of appeal.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

3.2 The review of The Pensions Ombudsman is scheduled to start in summer 2024.

3.3 The review will cover several aspects that relate to the governance, accountability, efficacy and efficiency of The Pensions Ombudsman. As part of the review, the reviewer will be asked to consider whether The Pensions Ombudsman offers an adequate route of appeal for those with pension complaints.

Fifty-eighth Report of Session 2022-23

Department for Energy Security and Net Zero

Energy Bills Support

Introduction from the Committee

Since Autumn 2021, unprecedentedly high wholesale energy prices have led to a significant increase in energy bills. Average annual household bills for gas and electricity increased from £1,277 in winter 2021–22 to £3,549 in winter 2022–23. In autumn 2022, the government introduced support schemes for households through the Energy Bill Support Scheme (EBSS) and Energy Price Guarantee (EPG), and for businesses via the Energy Bill Relief Scheme (EBRS). It also introduced additional schemes to support consumers not on conventional energy contracts, such as those living in park homes. The schemes work by either providing grants to consumers or by capping the wholesale energy prices suppliers can charge to both domestic and non-domestic customers. The Department for Energy Security and Net Zero (the Department) estimates that the schemes will cost £69 billion to taxpayers. The Department is a new department formed in February 2023 as a result of Machinery of Government changes that divided the responsibilities of the former Department of Business, Energy & Industrial Strategy (BEIS).

The Department has overall responsibility for the design and delivery of the schemes for both households and non-domestic consumers. HM Treasury supported BEIS in designing the schemes and approved the budget. The Office of Gas and Electricity Markets (Ofgem) is responsible for monitoring supplier compliance with the obligations of the EBSS and EPG schemes in Great Britain, such as ensuring that bills are reduced to the levels specified, as well as assessing the need for, and taking, enforcement action where required across all the schemes.

From April 2023, the Department will replace the EBRS with the Energy Bill Discount Scheme (EBDS), which will provide a lower level of support for most businesses, with greater support targeted at Energy and Trade Intensive sectors. At the time of our evidence session, the EPG was expected to continue until March 2024, with a reduced level of support from April 2023. Following our evidence session, the Government announced that the higher level of support would be provided for an additional three months between April and June 2023.

Relevant reports

- NAO report: Energy bills support – Session 2022-23 (HC 1025)
- PAC report: Energy bills support – Session 2022-23 (HC 1074)
- Treasury Minutes: – August 2023 (CP 921)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government’s last response to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

3. PAC conclusion: The Department drew on lessons it had learnt from financial support it provided during the pandemic to reduce the risk of error and fraud of the schemes, but does not yet know how successful this has been.

3a. PAC recommendation: The Department should, within 6 months, write to the Committee setting out fraud and error rates under the schemes and what it is doing to reduce this.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 As part of the 2023-24 Annual Report and Accounts, the department will publish the estimated rates of error and fraud within the Energy Bills Support schemes which operated from the beginning of the energy crisis. The National Audit Office is currently auditing the methodologies and results of this work as part of their audit of the 2023-24 Annual Report and Accounts. The final rates will be published in the Annual Report and Accounts, undergoing robust scrutiny over the coming months. The department will write to the Committee with these rates and methodologies following this publication.

3.3 For energy schemes which were open for payment throughout all of 2023-24, the relevant disclosures will be made in the department's 2024-25 Annual Report and Accounts and will be subject to the same level of scrutiny from the National Audit Office.

3.4 In December 2023, the department wrote to the Committee outlining the error and fraud methodology across the schemes.

3b. PAC recommendation: The Department should, within 6 months, write to the Committee outlining how it will ensure the lessons it has learnt from the energy schemes are not lost as BEIS splits into three separate entities.

3.4 The government agrees with the Committee's recommendation.

Recommendation implemented

3.5 In December 2023, the department wrote to the Committee outlining the lessons learnt across the energy support schemes during the Machinery of Government changes. These insights have informed both departmental and cross-government learning from experience, and effective knowledge transfers have ensured learning and evaluation continuity. A thorough lessons learned report will be completed by summer 2025 and will be shared with the Committee.

5. PAC conclusion: The Department does not yet know how its plans for winter 2023–24, or once support ends in April 2024, will impact households, or how it will ensure the energy retail market provides a fair deal for consumers.

5. PAC recommendation: The Department should write to the committee within 6 months to provide an update on:

- ***its plans to ensure energy affordability in winter 2023–24; and***
- ***its progress with future plans for the domestic scheme, such as capping support to those that use very large volumes of energy and introducing discounts on bills for households on benefits.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 In December 2023, the department wrote to the Committee documenting plans for energy affordability in winter 2023–24, including an outline for potential for future domestic Energy Affordability policy.

Fifty-ninth Report of Session 2022-23

Department for Energy Security and Net Zero

Decarbonising the power sector

Introduction from the Committee

Since 1990, greenhouse gas emissions from the UK power sector have reduced by approximately 73%; however, in 2021, 13% of UK emissions were still from electricity generation. In October 2021, the government published its Net Zero Strategy, setting out its long-term plan for transitioning to a net zero economy. This included an expectation, responsibility for which falls to the recently created Department for Energy Security & Net Zero, that all electricity will come from low-carbon sources by 2035, subject to security of supply. It is also subject to there being sufficient zero and low-carbon electricity generation, over the same period, to supply an expected 40% to 60% increase in electricity demand as modes of transport and heating switch to electricity from fossil fuels. Government has set ambitious targets for domestic energy generation for offshore wind, solar and nuclear power, and estimates that £280 to £400 billion of public and private investment in new generating capacity will be needed by 2037 (the end of the Sixth Carbon Budget).

Relevant reports

- NAO report: Decarbonising the power sector – Session 2022-23 (HC 1131)
- PAC report: Decarbonising Power Sector – Session 2022-23 (HC 1003)
- Treasury Minutes: August 2023 (CP 921)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendations are updated below.

1. PAC conclusion: The lack of an overarching delivery plan jeopardises government's achievement of its challenging ambition to decarbonise the power sector by 2035.

1. PAC recommendation: The Department should pull together its numerous decarbonising power plans in an integrated, coherent delivery plan as soon as possible, and by autumn 2023 at the latest, to demonstrate a clear path to achieving power sector decarbonisation.

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: June 2024
Original target implementation date: December 2023

1.2 The government recognises the value of an overarching narrative, and the importance of giving clarity to the private sector to encourage investment.

1.3 The Department for Energy Security and Net Zero will shortly be commissioning the Energy System Operator to produce a Strategic Spatial Energy Plan. The first iteration of the Spatial Energy Plan will cover a comprehensive range of infrastructure which will be key to decarbonising the power sector – with a scope that includes electricity generation and storage (including relevant hydrogen assets), on the land and in the sea, across Great Britain for the first iteration.

1.4 The Plan will provide an important guide to the development of our future energy system and will act as a blueprint from which future plans will flow, such as the Centralised Strategic Network Plan which will set out the transmission infrastructure choices needed to facilitate our energy transition. This plan will be published in time for the centralised strategic network plan, which is due for publication in 2026.

3. PAC conclusion: We are not convinced that government is providing enough clarity to the private sector to attract the investment that is necessary to build infrastructure, spur innovation and drive competition to lower costs.

3. PAC recommendation: The Department should set out in the delivery plan due later this year how it will provide greater clarity to the private sector to encourage the investment it needs to decarbonise the power sector.

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: June 2024
Original target implementation date: December 2023

3.2 The department recognises the importance of giving clarity to the private sector to encourage investment and continues to provide clarity by communicating more detailed investment needs and opportunities on a sector-by-sector basis.

3.3 The Green Finance Strategy provides clarity on pathways for investment across net zero, and communicates to businesses, investors and the finance sector the UK's plan to grow investment. The civil nuclear: roadmap to 2050 sets out the government's vision for the future of the nuclear sector, which was published alongside a consultation on alternative routes to market. The Carbon Capture, Usage and Storage Vision sets out government's vision for the CCUS sector to establish a competitive market, including the role CCUS plays in providing low carbon electricity generation. An update on the government's Hydrogen net zero investment roadmap sets out the opportunities for investment in UK hydrogen, including the role Hydrogen plays in low carbon electricity generation. These publications provide investor clarity on the government's overall approach to enhance the country's energy security, seize the economic opportunities of the transition, and deliver on the government's net zero commitments.

3.4 The Strategic Spatial Energy Plan will enable a coordinated, whole systems approach to the planning of electricity generation and storage (including relevant hydrogen assets) so we can foster a more efficient electricity system design, promoting anticipatory network investment to enable the reduction of waiting times for generation and storage projects to connect to the grid.

Sixtieth Report of Session 2022-23

Department for Levelling Up, Housing and Communities

Timeliness of local auditor reporting

Introduction from the Committee

Local authorities in England spend around £100 billion each year, delivering many of the services which local taxpayers rely on every day. Following the abolition of the Audit Commission in 2015, financial accounts for the 475 local authorities, police and fire bodies in England are now audited by private firms. Multiple organisations play a part in this system including: the Department for Levelling-Up, Housing and Communities (the Department), which provides legislative oversight of local authority finance and reporting; the Local Authority Code Board, which issues guidance on the required content of local authorities' accounts; Public Sector Audit Appointments Ltd (PSAA), which appoints private sector auditors to local government bodies that have opted into its central procurement scheme; the Comptroller and Auditor General (C&AG) who issues the Code of Audit Practice and guidance; and the Financial Reporting Council (FRC) which regulates the quality of audits provided to major local authorities.

The local audit landscape is set to change again following a government commissioned independent review of the oversight of local audit and the transparency of financial reporting in 2020 (the Redmond Review). In response to the Redmond Review, the Department chose the Audit, Reporting and Governance Authority (ARGA) as the new leader for the local audit system, replacing the FRC. ARGA is due to be established by the Department for Business and Trade, though it will not replace the FRC until 2024 at the earliest. ARGA will assume responsibility for the Code of Audit Practice and guidance, though PSAA will retain its role in appointing auditors to local bodies. The FRC is due to provide a 'shadow' system leadership role from spring 2023 until ARGA takes up its full role. In the meantime, the Department has been the formal system leader and ultimately responsible for the oversight of local audit.

Relevant reports

- NAO report: Timeliness of local auditor reporting on local government in England – Session 2022-23 (HC 1026)
- PAC report: Timeliness of local auditor reporting – Session 2022-23 (HC 995)
- Treasury Minute: August 2023 (CP 921)
- Treasury Minutes Progress Report: December 2023 (CP 987)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 987 above), the remaining recommendation is updated below.

1. PAC conclusion: The backlog of audit opinions for local government bodies remains unacceptably high, and the Department still does not have a plan to reduce it.

1. PAC recommendation: The Department should, as part of its Treasury Minute response, update the Committee on:

- ***What actions it and FRC are taking to increase the proportion of audit opinions for local government bodies that are delivered by the publication deadline for 2022–23;***

- ***What actions it and FRC are taking to clear the backlog of audits from 2021–22 and earlier, and in what timeframe they expect it to clear; and***
- ***What metrics and milestones it and FRC will use to measure progress in improving timeliness of local audit and hold stakeholders to account.***

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: July 2024
Original target implementation date: December 2023

1.2 On 8 February 2024, the Department for Levelling Up, Housing and Communities (the department) published a Joint Statement, endorsed by organisations in the local audit system on cross-system measures to address the audit backlog and put the system on a sustainable footing. The Minister for local government wrote to the Committee at that time. The Joint Statement outlined three necessary stages:

- Phase 1: Reset involving clearing the backlog of audits up to and including financial year 2022/23 by 30 September 2024.
- Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to rebuild assurance over multiple audit cycles.
- Phase 3: Reform, involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

1.3 In parallel, the department consulted on setting statutory 'backstop' dates for Phase 1 and Phase 2. The National Audit Office consulted in tandem on relevant changes to the Code of Audit Practice, including proposals aimed at returning reporting on VFM arrangements work to a more timely and predictable footing. The department accepts that the proposals are likely to result in a number of disclaimed and qualified opinions being issued where an audit has not been completed by the backstop date. However, the aim of the proposals is to enable local bodies and audit firms to focus on the most recent year of accounts as quickly as possible.

1.4 The consultations closed on 7 March 2024. The department is currently reviewing responses and engaging system organisations on next steps. As a result of this work, it has provided a revised target date. The department will set out intentions in due course and update the Committee by July 2024.

Sixty-first Report of Session 2022-23

Ministry of Justice

Progress on the courts and tribunals reform programme

Introduction from the Committee

HM Courts and Tribunals Service (HMCTS) - an executive agency of the Ministry of Justice (the Ministry) - is responsible for the administration of the criminal, civil and family courts in England and Wales. In 2016, HMCTS launched an ambitious portfolio of reforms which it later consolidated into the courts and tribunals reform programme (the programme). Through its reforms, HMCTS aims to modernise the courts and tribunals system by introducing new working practices and moving inefficient paper-based services online, while also improving access to justice for users of its services, including vulnerable groups. Overall, the reforms are expected to reduce operating costs within the criminal justice system.

The programme comprises 44 projects across five workstreams: criminal courts (crime); civil and family courts and tribunals (civil, family and tribunals); the court and tribunal estate (property) and two workstreams for cross-cutting projects such as video hearing technology. The projects cover a wide range of services, some of which the public can access directly, such as new online portals for probate and divorce applications. HMCTS is also rolling out a new digital case management system for criminal courts called common platform, to address inefficiencies such as paper-based working. Common platform is intended to allow access to all parties involved in a case including the Crown Prosecution Service (CPS), an independent organisation that prosecutes criminal cases in England and Wales.

HMCTS originally planned to deliver the programme within four years but is now seven years into the programme. When we last reported on the programme in 2019, HMCTS had extended its timetable twice and expected to complete the programme by December 2023. In March 2023, following increased delivery risk, HMCTS decided to reset its programme and extend its timetable for the third time. It now plans to deliver most of its projects by March 2024, three months later than planned, and expects to complete delivery of common platform, in March 2025, over a year later than planned. By December 2022, HMCTS had spent £1.1 billion of its £1.3 billion budget for the programme. However, as at December 2022, it only had £120 million of funding left to deliver the rest of the programme as HMCTS was not able to retain unspent funding from previous years. HMCTS expects the reforms to provide £220 million in yearly savings from 2025–26, with a total of £2 billion in lifetime savings, although this does not reflect the impact of its recent reset of the programme.

Relevant reports

- NAO report: Progress on the courts and tribunals reform programme – Session 2022-23 (HC 1130)
- PAC report: Progress on the courts and tribunals reform programme – Session 2022-23 (HC 1002)
- Treasury Minute September 2023 (CP 941)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 941 above), the remaining recommendation is updated below.

***4. PAC conclusion: HMCTS and the Ministry cannot fully assess whether the reforms have provided value for money as they have not captured the full costs of the programme*.**

4. PAC recommendation: The Ministry and HMCTS should write to us within six months setting out how they will assess the full cost of the reform programme. This should include:

- ***costs not included in its most recent business case, such as CPS's development of common platform interfaces;***
- ***costs of additional functionality required to get services up to the standards intended; and***
- ***estimated costs to complete paused projects if it decides to continue them in the future.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The Ministry of Justice and HM Courts & Tribunals Service (HMCTS) wrote to the Committee on 22 December 2023 with an update setting out how HMCTS will assess the full cost of the reform programme.

Sixty-second Report of Session 2022-23

Department of Health and Social Care

Department of Health and Social Care 2021-22 Annual Report and Accounts

Introduction from the Committee

The Department of Health and Social Care leads the health and care system in England. The Comptroller and Auditor General (C&AG) qualified his audit opinion on the Department's 2021–22 accounts for several reasons. There was insufficient evidence to support; the Core Department & Agencies' and Group's consumables inventory balance of £1.36 billion at 31 March 2022 and £3.6 billion at 31 March 2021; £1.56 billion of inventory impairments in 2021–22 and £9.0 billion in 2020–21; inventory consumed during 2021–22 of £8.0 billion and £6.1 billion in 2020–21; and the £1.2 billion onerous contract provision recognised by the Department for inventory purchased but not received as at 31 March 2021.

UKHSA was created on 1 April 2021, becoming fully operational on 1 October 2021 when it became responsible for the health protection functions of Public Health England, NHS Test and Trace and the Joint Biosecurity Centre. The C&AG disclaimed his opinion on the 2021–22 UKHSA Accounts, and this led to him qualifying the transactions and balances relating to UKHSA in the Department's Group Accounts as insufficient evidence was provided. This also led to a regularity qualification as there was not sufficient evidence to demonstrate that the spend incurred was applied to the purposes intended by Parliament and conformed with the authorities which govern it. In addition, Parliament authorised a Resource Non-Budget Expenditure limit of £Nil for the Department in 2021–22. Against this limit, the Department incurred an outturn of £2.457 billion, exceeding the authorised limit by £2.457 billion and causing an Excess Vote and a qualification of the C&AG's opinion on regularity.

Relevant reports

- DHSC Annual Report and Accounts 2021 to 2022 – (HC 1043)
- PAC report: Department of Health and Social Care 2021-22 Annual Report and Accounts – Session 2022-23 (HC 997)
- Treasury Minute September 2023 (CP 941)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 941 above), the remaining recommendations are updated below.

4. PAC conclusion: UKHSA had a fundamental weakness in financial controls and process which resulted in it being unable to prepare auditable accounts.

4. PAC recommendation: UKHSA should urgently ensure robust financial controls and processes are put in place and that there is a clear plan in place to deliver unqualified accounts.

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

Recommendation implemented

4.2 In response to its 2021-22 disclaimed accounts, and reflecting the unprecedented challenges that it inherited, UKHSA took immediate action to strengthen financial controls. In February 2023 it set up a Finance and Control Improvement Programme, with a board chaired by the chief executive. The initial priority for the programme was to support the production of

UKHSA's 2022-23 accounts, but by Autumn 2023 a multi-year plan was in place. This focused on strengthening the agency's controls and processes and driving compliance with government standards and good practice.

4.3 These actions led to significant improvements for the 2022-23 accounts, which were recognised by the Comptroller and Auditor General's report. While those accounts were ultimately disclaimed, the reasons were very different from 2021-22 and related to a specific new issue about covid vaccine forecasting, combined with the impact of the prior disclaimer.

4.4 As recommended by the C&AG, UKHSA will continue and accelerate the work of the improvement programme. The aim of the programme is to enable UKHSA to deliver unqualified accounts (the earliest opportunity being 2025-26 due to two consecutive years of clean accounts being required to achieve this). Further work is also being undertaken to build finance capability within UKHSA and to plan and prepare for future audits. The Department of Health and Social Care continues to provide oversight and support.

5. PAC conclusion: The Department has not yet delivered a clear plan to remove the audit qualifications and deliver its accounts to a pre-summer recess timetable.

5. PAC recommendation: The Department must develop and implement a plan to remove the qualifications from the Departmental Group accounts and work with NHS England to restore timely financial reporting and local audit across the NHS, to support laying of the Departmental Group accounts to a pre-summer recess timetable.

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

Revised target implementation date: July 2027
Original target implementation date: July 2026

5.2 The department remains committed to the removal of all qualifications. The closing balance of PPE inventory was not subject to qualification in 2022-23 and no such qualification is expected in 2023-24. There were two new regularity qualifications in 2022-23, but these were one-off in nature and not expected to recur.

5.3 The limitation of scope qualification regarding UKHSA remained in 2022-23. However, this related solely to the roll-forward impact of the 2021-22 disclaimer and the provision of insufficient assurance over the Covid Vaccine Unit (CVU) balances ahead of the statutory deadline. UKHSA is addressing the issues raised to ensure the CVU balances are ready for audit scrutiny in 2023-24 and the department is supporting UKHSA to ensure that the disclaimer opinion does not recur.

5.4 The department remains committed to returning to a pre-recess timetable and has developed a multi-year plan which aims to bring the timetable forward by at least one month per year, with a laying date of early December 2024 targeted for the 2023-24 accounts, and an ambition to return to pre-recess laying for the 2026-27 financial year. However, continuing local audit capacity challenges are not wholly within the control of the department to resolve. While there are some factors which alleviate challenges in the current year, other issues, such as increased requirements for auditors are adding pressures in the system. Work is ongoing with NHS England to limit recurrence of the issues seen in 2022-23, including close monitoring of audit progress in local bodies for 2023-24 and working with the wider local audit system to address capacity issues.

6. PAC conclusion: There have been repeated and unacceptable governance and accounting failures within the Departmental Group which has led to poor financial control, undermined Parliamentary accountability, and money being spent without Parliamentary approval.

6. PAC recommendation: The Department must set out how it will establish sufficient capability to deliver effective oversight across its Group to manage emerging and developing issues and ensure it avoids future financial and governance failings.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 A proportionate, risk-based financial control framework has now been implemented across the department and its ALBs. Controls have been codified and publicised across the group and a dedicated team is in place to provide support and advice on more complex control issues.

6.3 This has resulted in increasing transparency and levels of compliance with controls across the group, in areas such as business case development and approvals, monitoring the group's approvals pipeline and ensuring that approval conditions are adhered to.

6.4 In 2023-24, the department has built on this by rolling out budget holder training to all Senior Civil Servants and now the wider department, increasing knowledge and understanding of personal responsibilities and accountabilities and enhancing awareness of financial governance and controls more broadly. The department has also updated its internal delegation's policy to provide increased assurance over the active implementation of, and compliance with, controls.

6.5 The department is continuing to review its control framework and is working closely with HM Treasury and other departments in order to identify and implement further improvements.

Sixty-third Report of Session 2022-23

Department for Transport

HS2 Euston

Introduction from the Committee

Euston will be the London terminus for High Speed Two (HS2), a new high-speed, high-capacity railway between London, the West Midlands, and the north of England. The HS2 station also forms part of a wider Euston programme, with the redevelopment of the Euston conventional station by Network Rail and 'over-site' housing and commercial development in and around the two stations also taking place on the site. The Department for Transport is the sponsor of all three projects and HS2 Ltd is responsible for delivering the HS2 programme including Euston station.

Following recommendations from the Oakervee Review in 2020 on the HS2 programme, the department instructed HS2 Ltd to move to a simpler design for the Euston station. However, three years later in March 2023 the department announced that it would be pausing new construction work at Euston for the next two years. This pause followed on from HS2 Ltd.'s latest cost estimate in March 2023 of £4.8 billion (in 2019 prices) to build the station compared to its original £2.6 billion budget, alongside inflationary cost pressures across the Department's capital programme. The Department and HS2 Ltd plan to use the pause at Euston to give them more time to develop an affordable and deliverable design.

Relevant reports

- NAO report: High Speed Two: Euston – Session 2022-23 (HC 1201)
- PAC report: HS2 Euston – Session 2022-23 (HC 1004)
- Treasury Minute September 2023 (CP 941)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 941 above), the remaining recommendations are updated below.

1. PAC conclusion: Despite spending over eight years on planning and designing the HS2 Euston station, the Department still does not know what it is trying to achieve with the station.

1. PAC recommendation: The Department needs to use the current construction pause to finally establish the design and expectations for the station against what it is willing to spend.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

1.2 The government remains committed to delivering a privately financed HS2 Euston station as part of a transformed 'Euston Quarter' outlined in the Network North announcement of 7 October 2023. To help improve the UK's transport system, it will deliver a new 6-platform HS2 station which can accommodate the trains that will run to Birmingham and onwards.

1.3 The Euston Quarter Programme has been established to deliver this vision, with work being led primarily by the Department for Transport, with support from Euston delivery partners, Department for Levelling Up, Housing and Communities, HM Treasury and the Infrastructure and Projects Authority. Further to this, a Euston Quarter Ministerial Task Force has been established to provide cross-government ministerial oversight of the Euston Quarter Programme in the next stages of delivery, setting strategic direction and facilitating decision making.

1.4 In parallel, the department commissioned the Euston Partnership (TEP), along with HS2 Ltd and Network Rail, to provide support and advice in developing an updated transport requirements baseline for the new Euston Quarter. The next stage of work will focus on developing an overall viable Euston Quarter layout that meets the agreed Euston Quarter objectives.

2. PAC conclusion: The £2.6 billion budget set in 2020 proved to be completely unrealistic for what the Department wanted to deliver.

2. PAC recommendation: The Department needs to be much clearer to Parliament and the public that the revised budget it sets is realistic and the station design it approves is affordable and deliverable with timescales for construction before it restarts construction work at Euston.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

2.2 Following the March 2023 announcement of a pause to Euston, work commenced on developing an affordable and deliverable scheme for the HS2 Euston Station and had already been looking at options to reduce the number of platforms to match expected service levels, and how the department might partner with the private sector.

2.3 In response to the Network North announcement, the department commissioned the Euston Partnership (TEP), along with HS2 Ltd and Network Rail, to provide support and advice in developing an updated transport requirements baseline for the new Euston Quarter. The next stage of work will focus on an overall viable Euston Quarter layout that meets the agreed Euston Quarter objectives, including the provision of all required transport facilities and an appropriate quantum of development value.

2.4 As set out in the Network North paper announcement, private finance will be leveraged to ensure contributions to the cost of Euston from those people and businesses it supports. Progress is being made on the Private Finance and Funding workstream. Specialist advisors have been brought on board to help define and evaluate options for private financing and funding arrangements as part of an overall proposed funding package for the site.

2.5 The scope and cost estimates for this section of the route are subject to review following the Network North announcement. An updated cost estimate will be reported to Parliament in due course, noting the department is seeking to strip back the project and deliver a station that works, but does not include any features that are not needed.

4. PAC conclusion: The Department and HM Treasury have not reached a clear understanding about how they would manage high levels of inflation on the HS2 programme, including accessing Government-held contingency.

4a. PAC recommendation: The Department should agree with HM Treasury and report back to the Committee in six months on how they will manage the continued consequences of high inflation.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Following the decision to defer expenditure across several transport capital projects prior to Spring Budget, the department and HM Treasury have been monitoring spend across the portfolio, taking appropriate steps to manage within its delegated budgets and absorb inflationary pressures. This has included identifying opportunities to reduce costs by maximising efficiencies and, where necessary, deferring spend to preserve value for money. As is standard, HM Treasury has remained open to considering the case for additional funding where pressures are unabsorbable and unavoidable.

4.3 Persistently high inflation in the construction sector has driven additional pressures in-year, alongside additional non-inflationary pressures. These costs have been partially offset by in-year underspends that emerged across the rest of the department and active steps have been taken to bear down on costs. However, the full extent of these pressures has not been absorbable or avoidable and HM Treasury has therefore provided a Reserve claim to cover the remaining amount in order to protect delivery and value for money for the taxpayer.

4.4 In establishing annual budgets for next year and over the next spending review period, the department and HM Treasury continue to discuss how to manage future cost pressures on the programme and establish an appropriate controls regime in order to best protect value for money for taxpayers.

4c. PAC recommendation: The Department should also establish and set out to the Committee the requirements to access the government contingency on the HS2 Programme.

4.5 The government agrees with the Committee’s recommendation.

Recommendation implemented

4.6 The Development Agreement established between the department and HS2 Ltd outlines the principles for accessing the government-held contingency on HS2. The department and HM Treasury continue to consider the provision of government-held contingency in response to issues such as the COVID-19 pandemic and any applicable changes to legislation, such as relevant tax reforms. This ensures the appropriate scrutiny and collective agreement is in place before drawdown of this contingency can occur. The department will provide an update to the Committee on the status of the government-held contingency following the conclusion of the revision to the Phase One Estimate at Completion (EAC) and agreement of new cost targets.

4.7 The department will continue to provide updates on the remaining open recommendations regarding HS2.

5. PAC conclusion: The Department’s reports to Parliament on the HS2 Programme did not reflect the significant level of uncertainty in its estimated cost of Euston station.

5a. PAC recommendation: The Department should provide, as part of its six-monthly updates to Parliament on the HS2 programme, clear explanations of the maturity of its cost estimates and the risks that could result in material changes to provide greater transparency.

5.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

5.2 As is common across all projects, the maturity of cost estimates increases as the project is developed, refined and brought into delivery. The department accepts that figures provided in the early stages of HS2's development had low maturity, and that inflation, detailed designs and delivery challenges have since resulted in an increase in cost estimates. HS2 Ltd and the department are currently reviewing the scope of HS2 to make sure only what is required for the reduced HS2 scheme is being delivered, including the revised approach to Euston. The cost estimate is being revised to reflect the new scope; once that work is complete, future updates to Parliament will report on the revised cost range for the rescoped HS2 scheme and provide comment on the maturity of the figure and the risks that could affect it.

5.3 The department is committed to upholding transparency in the HS2 programme.

6. PAC conclusion: The Department has not yet learned lessons from managing major rail programmes.

6. PAC recommendation: The department needs to demonstrate to Parliament and the public that they are successfully embedding the lessons from past rail projects and not just repeating the same mistakes. Specifically on Euston the Department and HS2 Ltd should report back to the Committee on:

- ***what measures the Department and contractors took internally to address costs overruns and to identify who was responsible?***
- ***what lessons they have learned from the Euston project and how it will apply them at both Birmingham Curzon Street, Manchester Piccadilly, having done so they will scrutinise the revised costs carefully to avoid further cost occurring in other parts of the HS2 programme?***
- ***and how it will manage the integration of work on the Euston site once it has decided what it wants to achieve there.***

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

6.2 The department has a strong culture of learning lessons from managing major rail programmes. This includes learning lessons from Crossrail by working with the Infrastructure and Projects Authority and reflecting on these lessons as outlined in the recently published report; 'Sponsoring a Major Project: the Crossrail Experience.'

6.3 The department made the decision not to proceed to full construction of Euston Station in the next two years (2023-2025) due to affordability and profiling issues. It will continue to apply lessons learnt across phases of the HS2 programme and Northern Powerhouse Rail.

6.4 A culture of lessons learned is actively encouraged within the department, and specific initiatives are promoted in the individual directorates running each part of the HS2 project, including a structured learning and development programme, peer-to-peer learning, mentoring, and shadowing and facilitated workshops.

6.5 The department has undertaken work to identify the cost drivers of the previous station cost estimate of £4.8 billion. The department is learning from the more mature elements of the HS2 programme, including those from Birmingham Curzon Street and other major projects in the department's portfolio. These are being actively shared with projects that are less mature.

6.6 The department has been proactive in ensuring that the Euston Quarter Programme applies the lessons learned from previous iterations of the programme, for example, improving ways of working such as by looking at how learning is shared; re-use as much design work as possible to deliver the HS2 station to reduce nugatory costs on design; and also challenge and limit scope to that which is necessary for the planned level of HS2 services. Following

Network North, the programme is also taking on the lessons of success stories such as Battersea Power Station and Nine Elms, which secured £9 billion of private sector investment.

6.7 The department is considering lessons learned from the Euston Quarter Programme, particularly in relation to integration challenges, as it undertakes work to identify the appropriate delivery model for Euston and will make further announcements in due course.

Sixty-fourth Report of Session 2022–23

The Home Office

The Emergency Services Network

Introduction from the Committee

All 108 police, fire and ambulance services in England, Scotland and Wales communicate using Airwave, a dedicated mobile communications network that is critical to their ability to do their jobs. Airwave performs well but is becoming obsolescent, is expensive and does not provide access to modern data services. The Department is replacing Airwave with the Emergency Services Network (ESN), which will use a commercial mobile phone network and so be cheaper whilst also providing modern data. In 2015, the Department awarded contracts to deliver ESN to EE, for the main network infrastructure, and to Motorola for software to replicate critical features, such as push-to-talk – the ability to be connected to a control room or another device at the push of a button, which Airwave has but which commercial mobile phone networks do not support.

The programme to deliver ESN has faced significant delays and was reset in 2018. We have questioned the Department about its management of ESN 13 times, and issued three reports, each finding the programme to be high risk and raising concerns about the department's ability to manage those risks. One such risk related to Motorola's dual position as owner of Airwave, and key supplier to ESN. In April 2021, the Home Office wrote to the Competition & Markets Authority (CMA) expressing concerns over Airwave's excessive profits and Motorola's weak incentives to complete ESN. To prevent the CMA from forcing it to sell Airwave, Motorola announced in November 2021 that it would leave ESN. The Department is currently looking for a new supplier to replace Motorola. Other parts of the ESN programme have also made less progress than expected, and the Department currently has no firm estimates of when it will finish building ESN or what it will cost.

Relevant reports

- NAO report: Progress with delivering the Emergency Services Network Session 2022-23 (HC 1170)
- PAC report: The Emergency Services Network Sixty-Fourth Report of Session 2022–23
- (HC 1006)
- Treasury Minute September 2023 (CP 941)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 941 above), the remaining recommendations are updated below.

1. PAC conclusion: The department is still far too optimistic about both the progress it has made and the challenges ahead, and therefore risks repeating the same mistakes again.

1. PAC recommendation: The department should test its confidence in its ability to deliver ESN by having the programme's Independent Assurance Panel publish an overview of progress and risks once the new user services contract that replaces Motorola is in place.

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: September 2024
Original target implementation date: June 2024

1.2 The Independent Assurance Panel (IAP) has worked with the programme for several years and produced a number of reports including technical reviews of User Services and Mobile Services procurements, and a value for money assessment of Airwave versus ESN. It is tasked by, and reports directly to, the Home Office (the department's) finance and investment committee on behalf of the Permanent Secretary.

1.3 The department continues to focus on the programme's delivery and will commission an overall report on specific topics and issues after the new User Services supplier has been appointed in September 2024.

1.4 The last IAP review in January 2023 endorsed the strategic direction of the Emergency Services Mobile Communications Programme (ESMCP) and concluded that it represents far superior value for money than delaying, pausing, restructuring, or ending the programme.

1.5 The Home Office delivered a large proportion of the technical programme of work required to start mass transition. The technical solutions for aircraft use between 500 and 10,000 feet has been proven. A successful coastline survey of Great Britain has proven the solution up to 12 miles out to sea. From the Programme scorecard 99% of the EE Upgraded sites are complete and the programme is on course for completing the majority of the 292 Extended Area Service masts in some of Britain's most rural and remote areas by the end of 2024, with 114 activated to April 2024. Coverage has been provided in 71 special locations, and the programme is on track to provide coverage in the London Underground by the end of 2024.

2. PAC conclusion: The department's failure to deliver ESN creates a significant cost for the emergency services who must pay to fund ESN and to maintain Airwave for longer.

2. PAC recommendation: As part of the new ESN business case, the department should explore with users how savings created by the CMA imposing a charge control on Airwave can be used to help fund transition activities and new Airwave devices as well as maintaining Airwave

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

Recommendation implemented

2.2 The Competition and Markets Authority (CMA) applied a charge control on Airwave costs which is likely to save the taxpayer in the region of £200m a year for the period 2023 to 2029. Users will receive their element of these reductions, proportionate to the pre-existing billing arrangements that they are financially responsible for, and where their costs were for services that are in scope of the charge control. The department will encourage users to redirect their Airwave savings to help fund user ESN transition and device costs.

2.3 There is currently a potential risk that charge control savings may need to be repaid if the supplier is successful in a future appeal to get the charge order set aside.

2.4 Beyond this, the programme is restricted by the way government funds are allocated, limiting the ability to pass additional charge control savings on to users, in excess of those they will already be receiving directly. Reduced Airwave costs will lead to overall government savings, with funding decisions beyond financial year 2024/25 being subject to future HM Treasury spending reviews.

2.5 The ESMCP business case is being updated to reflect the CMA charge control impact and new supplier procurements. Delayed spend on ESN devices will offset the cost of new Airwave devices.

2.6 The programme is engaging closely with user organisations to provide support for their transition activities, while operating in accordance with Home Office and governmental governance and funding structures.

3. PAC conclusion: The department cannot yet prove to the emergency services that ESN will be good enough to replace Airwave.

3. PAC recommendation: The department should set out an outline plan for the main building blocks of ESN by the end of 2023, including when they will be prototyped, built, and tested in real world conditions, and which includes sufficient time for testing by emergency services, and allows feedback to be incorporated into the final version of ESN. This information should inform the main business case which we understand is due in the first quarter of 2024.

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: July 2024
Original target implementation date: December 2023

3.2 The department drafted a delivery POAP (plan on a page) supported by the detail Integrated Programme Plan as far as possible and incorporating all major and sub milestones for the User services and Mobile Services contracts. This is reported at Programme Board level as part of the plan hierarchy, which includes the ESMCP control plan. The delivery POAP will become the overarching plan for the programme supporting the PBC (Programme Business Case) once this is finalised in July 2024.

3.3 The delivery POAP shows the main building blocks, dependencies and sequencing, and includes elapsed time contingency as well as all elements of prototyping, testing (including real-world testing), and the activities leading to user transition and Airwave shutdown. The Programme worked collaboratively with users to understand their requirements for testing, acceptance and the duration of all phases that affect users (for example, formal 'service acceptance' and transition from Airwave). There has been an extensive dialogue process with suppliers to ensure they understand user requirements (and users have been a part of the whole process).

3.4 The delivery POAP is now in the final stages of development for inclusion in the PBC for July 2024. The delivery POAP will be updated with final milestone dates from the User Services procurement. In July 2024 the programme will return to the Major Projects Review group with a PBC and clear plan, prior to the award of the User Services contract. The User Services procurement will complete (in September 2024) after the PBC approval process.

4. PAC conclusion: We remain concerned the department does not have the capability to successfully bring the various elements of ESN together.

4. PAC recommendation: By the time the new user services contract is in place, the department should obtain an independent opinion on whether ESN has a credible integration plan and the resources in place to deliver it.

4.1 The government agrees with the Committee’s recommendation.

Revised target implementation date: September 2024
Original target implementation date: July 2024

4.2 The department commissioned the Independent Assurance Panel (IAP) to monitor, comment on and assure both the integration plans of the bidders for the User Services contract; the later delivery of them by the successful consortium; the appropriateness and scale of the resources dedicated to it; and the overall integration with the mobile services contract. The IAP review carried out in May 2024, will be fed into the June 2024 Project Assurance Review (PAR) of the programme, governance and programme plans prior to Home Office’s Investment Committee (InvestCo) and Major Projects Review Group (MPRG) review in July 2024.

4.3 The Home office has extensively strengthened the programme team, through: recruitment of a new Programme Manager, Delivery Director, Deputy Delivery leads for delivery and service, appointed a CSO, brought in external security and telco specialists as well as setting out clear key personal requirements in User Services and mobile services contracts. In addition, we are planning to bring in a programme strategy lead and deputy programme manager. Our new Technical Delivery partner (CGI) has been appointed in April 2024 and has 5 defined work packages across the programme to bring in expertise, knowledge and process experience. We have completed resourcing of the PMO team and are seeking additional skills for planning and dependency management as well as specific support from the new Technical Delivery Partner to provide an interim Deputy Programme Manager whilst a full-time civil servant is recruited.

5. PAC conclusion: It is still not clear how the department will ensure that there are clearly defined responsibilities or plans in place for operating ESN as a live service, raising questions about whether ESN will provide the intended benefits for the emergency services.

5. PAC recommendation: As part of the new business case, the department should create a plan for how it will restart work on how ESN will operate as a live service and ensure the emergency services agree that the future operating model meets their needs.

5.1 The government agrees with the Committee’s recommendation.

Revised target implementation date: December 2024
Original target implementation date: March 2024

5.2 The programme has a baselined Programme Operating Model (POM) which includes proposed changes needed for the functions the service integrator will be responsible for. Building on this we defined the high-level Target Operating Model (TOM) for all ESN functions inclusive of live services. TOM is dependent on user service and mobile services procurement completing by end 2024.

5.3 The department finalised the requirements for User Services and Mobile Services suppliers, outlining their roles and responsibilities for delivering the TOM. The onboarding of the selected User Services supplier for ESMCP will allow us to set out the detailed Service Integrator responsibilities and the contracting of a Mobile Services supplier will require further evolutions of the TOM.

5.4 The User Services supplier will take on the role as ‘Service Integrator’ providing all user groups with a single point of contact for service and support as defined in the TOM. The details included in the schedule of requirements, are the essential building blocks for the TOM.

5.5 The Programme will work with users and suppliers to complete definition and implementation of the overall TOM. The user review work has already begun through Senior User, Service Design Working Group and User Expert engagements as a joint endeavour to ensure the end artefact is fit for purpose and aligns with users' needs. The iterative development of the TOM will ensure that it is reviewed and endorsed by user community throughout, prior to the full Governance review in December 2024 post user services onboarding.

6. PAC conclusion: The department risks creating a new monopoly supplier in EE, which could reduce long-term value for money.

6. PAC recommendation: The department should ensure that the new EE contract for ESN network infrastructure includes sufficient protection against EE making excessive profits and requires all infrastructure to fully comply with telecommunications standards and allows other network suppliers to be introduced in future if they are better value.

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: August 2024
Original target implementation date: December 2023

6.2 Home Office and Cabinet Office commercial officials reviewed the non-binding heads of terms, and economists and commercial lawyers have critiqued these reviews to ensure that a contract based upon these terms represents value for money.

6.3 CMA recommended that Emergency Services Mobile Communications Programme (ESMCP) implement a plan to ensure the supply of communications network services for public safety is subject to competitive pricing arrangements, or measures to similar effect (for example, through putting forward legislation to introduce a regulatory function), by not later than end 2029.

6.4 The Mobile Services contract with EE (scheduled for August 2024) will continue to be executed on an open book basis and includes a number of mechanisms, including a gain share mechanism in favour of the Authority if EE exceeds the anticipated contract life supplier cash margin percentage. There is a further pain/gain mechanism which applies to coverage enhancement locations.

6.5 ESN is designed and built using standard interfaces that allow for the re-tendering against other commercial provider networks and technologies. All commercial 4G and 5G networks run on third generation partnership project (3GPP) telecommunication standards and ESN is adopting this approach. The ESN design architecture enables the roaming of users to other UK licensed mobile network operators where EE ESN coverage is not available.

6.6 The commercial arrangement requires EE to investigate neutral host opportunities for sharing radio access network infrastructure in the delivery of coverage enhancements which would be equally available to other mobile network operators in any future procurement.

Sixty-fifth Report of Session 2022-23

Department of Health and Social Care

Progress in improving NHS mental health services

Introduction from the Committee

Many people will experience mental health problems in their lives. Around one in six adults in England have a common mental health disorder, and around half of mental health problems start by the age of 14. People with mental health conditions often have poorer physical health, education and housing, so it is vital they are able to access the services and support that they need.

The Department of Health & Social Care (the Department) is responsible for mental health policy. NHS England (NHSE) oversees the commissioning of NHS-funded services, with most services commissioned locally by integrated care boards (ICBs), which replaced clinical commissioning groups (CCGs) in 2022. In 2021–22, the NHS spent £12.0 billion on mental health services, around 9% of its total budget. In 2011, the government acknowledged a large treatment gap for people with mental health conditions and sought to establish 'parity of esteem' between mental and physical health services. From 2016, the Department and NHSE made specific commitments to improve and expand NHS-funded mental health services. NHSE, working with the Department and other national health bodies, set up and led a national improvement programme to deliver these commitments.

Relevant reports

- NAO report: Progress in improving mental health services in England – Session 2022-23 (HC 1082)
- PAC report: Progress in improving NHS mental health services – Session 2022-23 (HC 1000)
- Treasury Minute September 2023 (CP 941)
- Correspondence to the PAC: – February 2024

Update to the Government response to the Committee

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

1. PAC conclusion: Workforce shortages are constraining the improvement and expansion of NHS mental health services.

1. PAC recommendation: In six months' time, NHS England should write to the Committee setting out what targeted interventions are envisaged for the mental health sector under the plan to ensure it can get the doctors, nurses, therapists, and other clinical and non-clinical staff that the service needs, and who will be responsible for delivering them.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 As outlined in the Department of Health and Social Care's letter to the Committee in February 2024 to support the ambition to grow the overall mental health and learning disability workforce the fastest of all care settings, the NHS Long Term Workforce Plan sets out several targeted interventions for the mental health workforce.

1.3 NHS England is seeking to improve the culture within inpatient services and support people and staff to flourish. The culture change improvement programme launched in January 2024 and over the next two years (to March 2026) will deliver six interventions to 60 providers across England. Realising the workforce growth ambitions of the NHS Long Term Workforce Plan is fundamental in boosting the therapeutic offer of inpatient mental health care where it is needed, equipping community services to intervene early before crisis, and improving the overall experience of both service users and staff.

1.4 Additional funding has been confirmed for NHS Talking Therapies for anxiety and depression in the 2023 Autumn Statement. This funding, from 2024-25, will further expand the NHS Talking Therapies workforce over 5 years, enabling 384 thousand more people to have a course of treatment and supporting services to offer patients a larger number of sessions to improve people's chance of fully recovering.

1.5 NHSE and the department will continue to deliver a programme of work to grow and transform the mental health workforce.

2. PAC conclusion: Data and information for NHS mental health services still lags behind that for physical services.

2. PAC recommendation: In six months' time the Department and NHS England should write to the Committee, setting out how they will:

- ***improve the quality and completeness of the data on mental health services, including cost of services and patient outcomes;***
- ***ensure these data are shared appropriately to support integrated care systems to improve services locally, including tackling inequalities; and***
- ***improve the evidence base on the cost-effectiveness of their investments, for example, on the roll out of mental health support teams in schools***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 In the February 2024 letter to the Committee, information was provided on data quality improvement plans on a local, regional, and national level. This included work to support providers to prepare for more timely data submissions from October 2023 data onwards, to meet local and national data needs via the national datasets, reducing the need for local collections.

2.3 The government and NHSE recognises the importance of accurate data on patient outcomes and cost of services. Patient Level Information and Costing Systems (PLICS) were collected for the first time for mental health services in the last complete financial year. On patient outcomes, the mental health outcomes programme continues to drive forward the routine use and reporting of outcome measures across mental health services and has incentivised the reporting of paired outcome scores (tracking a patient's progress over time) in 2023-24 through the Commissioning for Quality and Innovation (CQUIN) framework.

2.4 Good progress on data sharing has been made to support integrated care systems to improve services locally, including tackling inequalities. In November 2023, the NHS published initial data on longest waits for community mental health services for the first time as part of our commitment to parity of esteem. Work is being undertaken to develop an expanded range of mental health equality metrics and improve approach to reporting, supported by the Patient and Carers Race Equality Framework.

2.5 Further information can be found in the letter on the government's plans to improve the evidence base on the cost effectiveness of investments.

3. PAC conclusion: New integrated care boards and partnerships could struggle to prioritise mental health services and support, in the face of funding pressures and the need to reduce backlogs for physical health services.

3. PAC recommendation: NHS England and the Department should evaluate how well the new integrated care boards and partnerships are supporting mental health services and how well their own support arrangements work to address variation between, and poorer performance in, local areas.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

3.2 As noted in the February 2024 letter to the Committee and Treasury Minutes, NHSE will continue to undertake delivery assurance within the new model to oversee ICBs and Trusts, as outlined in the NHS Oversight Framework. NHSE will also continue to conduct annual performance evaluations on ICBs. Planning Guidance also sets out priority targets for Mental Health performance for ICSs and providers.

3.3 From 2023-24, all ICBs are also required to include a statement of the amount and proportion of expenditure incurred by the ICB in relation to mental health in their annual report, increasing ICBs' public accountability for their decisions on mental health investment. NHSE will continue to assure ICB spending plans and actual spend. NHSE also publishes a dashboard which allows members of the public to compare different ICBs spending plans and delivery against key mental health targets to help them hold their local system to account.

3.4 To ensure mental health is sufficiently prioritised, the Health and Care Act 2022 requires that ICBs must have a member who has mental health expertise on the Board. NHSE is also continuing to hold ICBs accountable for delivery of the Mental Health Investment Standard (MHIS) which requires that their spend on mental health grow by at least the same proportion as overall spending growth. In addition to routine monitoring the MHIS is then also externally assured by an annual audit process.

4. PAC conclusion: There is still no clear definition of the end goal of 'parity of esteem' 12 years after the government first set out its ambitions.

4. PAC recommendation: In its update to us in six months, the Department should also set out what achieving full 'parity of esteem' between mental and physical health services means in practice, for example, comprehensive access and waiting times standards and outcomes, timescales, funding, and workforce requirements.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department and NHSE produced a definition of parity of esteem, including supporting building blocks, which was shared with the Committee in a letter on 5 February 2024. It provides greater clarity on what parity of esteem means in practice.

5. PAC conclusion: The Department and NHS England have still not committed to rolling out waiting times standards to all mental health services.

5. PAC recommendation: In its update to us in six months, the Department and NHS England should set out their plan for implementing the new service standards.

5.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

5.2 As per the February 2024 letter to the Committee, in addition to existing metrics for Children and Young People Eating Disorders, Early Intervention in Psychosis, and NHS Talking Therapies for anxiety and depression, NHSE published metrics for mental health urgent and emergency care in July 2023 and began publishing initial data on mental health community waiting times in November 2023.

5.3 NHSE intends to publish new core community mental health waiting time metrics, which covers activity from April 2024 (this will be available in Autumn 2024). It will cover the percentage of patients receiving meaningful help within 4 weeks of referral to community mental health services.

5.4 The publication of the new waiting times metrics is expected to increase transparency and local accountability on waiting times for mental health services. Furthermore, it is expected that publication of the data will improve the quality of the data, so that the department and NHSE will be in a better position to assess the costs and benefits of introducing performance standards against these metrics.

6. PAC conclusion: Preventive and public health services for mental health have not had the same priority and focus on improvement as NHS mental health treatment services.

6. PAC recommendation: The Major Conditions Strategy must clearly set out how preventive and public health services for mental health will be improved and expanded, including how the right workforce will be secured.

6.1 The government agrees with the Committee’s recommendation.

Target implementation date: Summer 2024

6.2 The Major Conditions Strategy will be a direction-setting document aiming to pave the way for further action on prevention, multiple long-term conditions, and improving outcomes for cancer, heart disease, musculoskeletal disorders, mental ill-health, dementia and respiratory diseases. It seeks to build on what the health and care system is already doing well, and what we know works. To deliver an effective and efficient system, it is crucial that the health and care uses its resources most effectively, both within specific pathways, but also integrating care around the patient.

6.3 The strategy specifically aims to drive change in the system in focussing on prevention, as well as early intervention and support. The government’s plan for workforce is set out in the NHS Long Term Workforce Plan.

6.4 The strategy will also highlight the importance of seeking closer alignment and integration between physical and mental health services across the whole life course. The strategy will recognise that one aspect of ensuring parity of esteem between mental health and physical health services is funding decisions that ensure every ICB has a sufficient sized and skilled workforce. Achieving parity of esteem is a long-term ambition, that the government is committed to working towards in future planning.

6.5 As committed to in its strategic framework, the department is developing a Mental Health Policy Tool to support government policymakers to take mental health and wellbeing impacts into account and address disparities when designing new policies. The tool has been piloted in the development of musculoskeletal conditions policies for the strategy. The department will continue to engage with stakeholders and exploring a range of options on how best to embed the tool into policymaking practice.

Sixty-seventh Report of Session 2022-23

HM Revenue & Customs

Child Trust Funds

Introduction from the Committee

Child Trust Funds are tax-free savings accounts that were set up for all children in the UK who were born between 1 September 2002 and 2 January 2011. Anyone, for example parents or other family members, can add to children's savings by paying money into their accounts. Young people can choose to take over managing their account at 16 years old and can access the funds at 18 years old. The first young adults with Child Trust Funds reached the age of 18 in September 2020. In April 2021, the total value of all Child Trust Funds was £10.5 billion, and the average account value was £1,911.

Government launched the Child Trust Fund scheme in 2005, backdating it to include children born since September 2002, and announced its closure to new entrants in 2010. Around 6.3 million accounts were set up, into which government paid £2.0 billion. 72% of accounts were set up by parents and guardians using a voucher sent to them by HM Revenue & Customs (HMRC). HMRC set up the remaining 28% of accounts on children's behalf when their parents or guardians did not do so within a year of the voucher being sent.

HMRC is responsible for the administration of Child Trust Funds. It published an interim evaluation of the scheme in 2011. Other organisations are responsible for savings and assets policy or are involved in ensuring access to the scheme for specific groups of young people. In 2017, HMRC and the Department for Education transferred responsibility for managing Child Trust Funds belonging to children in local authority care with no 'responsible adult' to a charity called The Share Foundation.

Relevant reports

- NAO report: Investigation into Child Trust Funds – Session 2022-23 (HC 1197)
- PAC report: Child Trust Funds – Session 2022-23 (HC 1231)
- Treasury Minute September 2023 (CP 941)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 941 above), the remaining recommendations are updated below.

5. PAC conclusion: HMRC does not collect the data from providers needed to plan timely action to improve young people's engagement with their accounts and assess whether its actions are working.

5a. PAC recommendation: HMRC should improve the timeliness of its data collection and statistical releases, to present a more accurate and up-to-date assessment of the scheme.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

5.2 HM Revenue and Customs (HMRC) has explored opportunities for publishing more timely information on Child Trust Funds (CTFs). HMRC frequently reminds CTF and ISA providers, via a targeted newsletter, of the requirement to make returns within 60 days of the end of the tax year and has improved its analytical processes to reduce lead times. As a result HMRC will publish future statistical information up to tax year 2023-2024 in September 2024.

5.3 HMRC published information on CTFs up to April 2022 in June 2023, including new tables showing the cumulative number of matured accounts. Prior to the publication, HMRC was aware that some Child Trust Fund providers had not completed the requisite annual return. HMRC identified and reminded providers of the outstanding returns, and these are included in the latest published statistics. The issue of missing returns was addressed in paragraph 3.3 of the Annual savings statistics: background quality report on Gov.UK.

6. PAC conclusion: HMRC is not planning to re-evaluate the scheme or learn lessons from its implementation that could help in the design or improvement of similar schemes.

6. PAC recommendation: HMRC should, at the appropriate time within the next 24 months, evaluate the scheme to understand what has been achieved from government's £2 billion investment and what impact it has had on the lives of young people and identify lessons that would benefit similar schemes in the future, particularly around how to design and implement a scheme that works well for vulnerable groups.

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

Target implementation date: Summer 2025

6.2 HMRC is committed to evaluation.

6.3 HMRC is improving its analytical processes. The information it receives via that process will inform any re-evaluation of the scheme. While HMRC is actively considering the proposition, any evaluation plan needs to be carefully considered and proportionate recognising that resources are limited. The CTF is an intervention that has been discontinued and is not currently part of the policy framework. While there are undoubtedly some lessons that can be learned, any evaluation plan will need to be mindful of this wider context.

6.4 In addition, evaluation and similar analysis are not solely the purview of government. HMRC also seeks to be open and pro-active in the way it manages its relationships with external stakeholders such as academics and external researchers, including those researching CTFs, and permits access to HMRC data via the HMRC Datalab.

Sixty-eighth Report of Session 2022-23

Department for Business and Trade, HM Treasury

Local authority administered COVID support schemes in England

Introduction from the Committee

The government introduced a series of grant schemes to help businesses deal with the impacts of the COVID-19 pandemic on their businesses, including the effects of restrictions put in place to protect public health. Using funding from government, local authorities in England distributed £22.6 billion in grants to local businesses between March 2020 and March 2022. There were eight separate schemes that can be grouped into three separate 'cohorts', primarily corresponding to significant waves of COVID-19 restrictions.

HM Treasury decided the key features of each of the schemes, including the types of businesses they should cover and the level of funding available, and the Department for Business, Energy and Industrial Strategy (BEIS) was responsible for their implementation. The Department for Business and Trade (DBT) is now accountable for this funding, including the recovery of money paid out as a result of error or fraud.

The creation and delivery of these grant schemes was a partnership between local authorities and central government. Local authorities were responsible for identifying eligible businesses in their areas and paying grants to them, making 4.5 million payments over the course of the pandemic. BEIS created the detailed guidance for the schemes and oversaw their implementation by local authorities.

Relevant reports

- NAO report: COVID-19 business grant schemes – Session 2022-23 (HC:1200 2022-23)
- PAC report: Local authority administered COVID support schemes in England – Session 2022-23 (HC 1234)
- Department for Business, Energy & Industrial Strategy's
- Annual report and accounts 2022-23 (HC 1796)
- Treasury Minute: November 2023 (CP 968)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 968 above), the remaining recommendations are updated below.

2. PAC conclusion: The Departments have been slow to take effective action to recover losses – three years since the Department for Business, Energy & Industrial Strategy introduced the schemes, less than 2% of the estimated £1.1 billion lost to error and fraud has been recovered.

2. PAC recommendation: The Department for Business and Trade and its non-executive directors (NED) should ensure that the current review of the approach to recovery is rigorous and takes a sufficiently broad view of the public interest, including in its terms of reference:

- ***An assessment of the public value that can be achieved from pursuing these monies, including the deterrent effect of pursuing fraudsters and the impact on public confidence;***
- ***testing the Department's previous assumptions and revisiting past conclusions; and***

- ***setting a figure for what it believes is recoverable and at what cost.***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Department for Business and Trade wrote to the Committee in early January 2024, which addressed the points in this recommendation.

3. PAC conclusion: Central government's distance from the practical realities on the ground meant confusion, delays and uncertainty for small businesses and local authorities.

3. PAC recommendation: Within six months, the Department for Business and Trade should write to the Committee setting out how it proposes to improve its understanding of small businesses operating in different sectors and how it is strengthening its mechanisms for receiving and acting upon feedback from this segment of the business community.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The Department for Business and Trade wrote to the Committee in December 2023 as requested.

5. PAC conclusion: We do not yet know the impact achieved by the £22.6 billion provided to businesses, or how much money was spent that might not have been needed.

5a. PAC recommendation: As part of its Treasury Minute response to this report, the Department for Business and Trade should set out what it has concluded from the completed Ipsos evaluation.

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2024
Original target implementation date: Winter 2023

5.2 Completion of the Ipsos evaluation was further delayed but is nearing completion.

5.3 Further details will be provided in due course. The Department for Business and Trade will write to the Committee following publication of the report to set out what it has concluded from the evaluation.

5b. PAC recommendation: HM Treasury should write to the Committee with its plans to capture and distil lessons from the experience of supporting businesses through the pandemic within three months.

5.4 The government agrees with the Committee's recommendation.

Recommendation implemented

5.5 HM Treasury wrote to the Committee as requested in December 2023 and provided a further update in April 2024.

6. PAC conclusion: The government did not have in place a plan for how it would provide support to businesses during a national emergency like the pandemic.

6. PAC recommendation: The Department for Business and Trade, working together with other relevant departments and local authorities, should develop a contingency plan for how it would respond should it be asked to provide financial support to businesses and other groups should a situation analogous to the pandemic occur in the future. The Department also needs to do better to understand the capability of local government systems when considering future schemes.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The Department for Business and Trade wrote to the Committee in late April 2024 covering the recommendation.

Sixty-ninth Report of Session 2022-23

Cabinet Office, HM Treasury

Tackling fraud and corruption against government

Introduction from the Committee

While some fraud and corruption is inevitable, all public bodies have a responsibility to minimise losses due to fraud and corruption. In 2018, the Cabinet Office set up both the Government Counter Fraud Function (GCFF) to provide a structure for those working in counter-fraud, and the Government Counter Fraud Profession (GCFP) with membership across the public sector. Since the start of the COVID-19 pandemic, government has recorded a higher level of fraud in the accounts audited by the National Audit Office. This reflects the nature of government's response to the pandemic, including the rapid implementation of large new spending and loan programmes that came with an unusually high risk of fraud. Since the start of the pandemic, this committee has considered the risks of fraud, and how they could have been better managed, across various schemes and departments, including in our reports on the Department for Business, Energy & Industrial Strategy's grant schemes, the Coronavirus Job Support Scheme and the Self-Employment Income Support Scheme, the Department for Work & Pension's administration of benefits, the management of PPE contracts, and the Bounce Back Loans Scheme. In 2022, in response to concerns over the level of fraud during the COVID-19 pandemic and the lack of a coordinated response, government established the Public Sector Fraud Authority (PSFA). The PSFA acts as government's centre of expertise for the management of fraud against the public sector, leads the GCFF and GCFP, and reports to both HM Treasury and the Cabinet Office.

Relevant reports

- NAO report: Tackling fraud and corruption against government – Session 2022-23 (HC 1199)
- PAC report: Tackling fraud and corruption against government – Session 2022-23 (HC 1230)
- Treasury Minute: November 2023 (CP 968)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 968 above), the remaining recommendations are updated below.

3. PAC conclusion: Departmental counter-fraud staff often lack the credibility and authority needed to exert influence at senior levels.

3a. PAC recommendation: The Public Sector Fraud Authority should:

- ***update the Committee in 12 months on the outcomes of its next annual Workforce and Performance Review and whether public bodies start to invest the right amount in their counter-fraud and corruption capability and achieve value for money from their efforts.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: September 2024

3.2 The initial Workforce and Performance Review (WPR)[5] was the first comprehensive review of departmental fraud risk, resourcing and outcomes and was unique in its methodology. It is not feasible to identify a 'correct' level of counter fraud and corruption investment. This level is dependent on multiple factors which are considered by individual departments and organisations.

3.3 An updated 2023-24 WPR has been undertaken. The analysis of the response is completed and has been shared with departments for review. The Public Sector Fraud Authority (PSFA) remains committed to updating the Committee and the NAO on the next WPR by the agreed deadline - September 2024.

3.4 Analysis of these insights will help the PSFA and participating organisations to understand where the skills, capacity and gaps are to improve how we counter fraud. In addition to these future insights, the government has taken action to help departments better understand risk, doubling the number of qualified fraud risk assessors in public bodies to 200.

5. PAC conclusion: Government is not generating enough of a deterrence effect from pursuing those that commit fraud against the public purse.

5. PAC recommendation: The Public Sector Fraud Authority, in collaboration with other departments, should develop a cross-government communication strategy for highlighting government's efforts in pursuing fraudsters and the effectiveness of counter-fraud measures. It should, in the Treasury Minute, confirm it will oversee the implementation of this strategy.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2024

5.2 Transparency and clear communications, highlighting the effectiveness of counter fraud measures and the government's efforts in doing so, is a priority for the PSFA.

5.3 PSFA and Cabinet Office Communications colleagues collaborated to identify the best method to share this impact and deter fraudsters. The PSFA remains committed to accountability via publishing Annual Reports and other strategic pieces.

5.4 The PSFA leads the Cross Government Counter Fraud Communications Working Group. The group is underpinned by broad expertise from across key government departments and agencies, driving coordinated and consistent communication on public sector counter fraud. This enables public bodies to promote individual successes whilst embedding a common narrative on government's counter fraud efforts.

5.5 Following agreement from His Majesty's Treasury, the PSFA is making good progress on this recommendation and is on track to implement a succinct communications strategy, via the existing working group, by June 2024. We would be happy to further update the Committee on progress.

[5] Details of the WPR can be found in the NAO Report - Tacking Fraud and Corruption against government - https://www.nao.org.uk/wp-content/uploads/2023/03/tackling-fraud-and-corruption-against-government.pdf(paragraphs 2.11 to 2.16, and Figures 10 and 11).

Seventieth Report of Session 2022-23

Cabinet Office

Digital Transformation in government: addressing the barriers to efficiency

Introduction from the Committee

Central government departments spend around £400 billion each year on the day-to- day running costs of public services, grants and administration. Digital transformation and modernisation of government services and data are key to achieving significant efficiencies.

Improvements in government's digital services over the last 25 years have focused on the citizen's online experience without substantially modernising the ageing legacy systems that sit beneath departmental and government websites. There have been 11 government digital strategies during that time but examples of successful digital transformation of services at scale are rare.

In January 2021, the Cabinet Office created the Central Digital & Data Office (CDDO) to lead the digital, data and technology function across government. In June 2022, CDDO published Transforming for a digital future: 2022 to 2025 roadmap for digital and data ('the Roadmap') to address some of the underlying issues which had prevented previous strategies from achieving their aims. Departments have agreed a set of commitments to complete within the current Spending Review period, which CDDO has deliberately designed to be ambitious and yet realistic given the starting point, resources and timeframe.

Relevant reports

- NAO report: 'Digital Transformation in government: addressing barriers to efficiency'– Session 2022-23 (HC 1171)
- PAC report: 'Digital Transformation in government: addressing barriers to efficiency'– Session 2022-23 (HC 1229)
- Treasury Minute: November 2023 (CP 968)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 968 above), the remaining recommendations are updated below.

1. PAC conclusion: Government's public services need fundamental reform but often lack a single service owner and timely metrics on costs and performance which are essential foundations for identifying existing costs and tracking efficiency improvements.

1a. PAC recommendation: Departments should identify a suitably senior and experienced single owner for each government service.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2025

1.2 The Central Digital and Data Office (CDDO) has worked with departments to agree and finalise the standard for Single Service Owners. This has now been shared with all departments and CDDO is working to ensure adoption of single service owners (SSO) across the Top 75 services. These will then act as pathfinders for wider adoption across government.

Progress to date is on track, with 37 services in the top 75 having adopted a single service owner and work in flight to encourage adoption across remaining departments.

1b. PAC recommendation: Service owners should be tasked with identifying the full costs of the services for which they are responsible and for identifying and tracking the benefits gained from transforming those services or the opportunity costs of not doing so.

1.3 The government agrees with the Committee's recommendation.

Target implementation date: June 2025

1.4 Twenty-one services now fully meet the 'great service' standard (including for cost) compared to 8 at the baseline in March 2023. For all of these services, the service owners fully understand their end to end costs.

1.5 For all Top 75 services, CDDO has worked with departments including service owners to understand transformation opportunities, associated benefits and return on investment if they were to be realised. This has informed departmental and CDDO prioritisation of transformation activity and resulted in a clear understanding of potential benefits where transformation has not yet taken place.

2. PAC conclusion: Departments are mainly making piecemeal changes to legacy systems rather than investing in more efficient wider service redesign which would reap greater benefits.

2. PAC recommendation: As part of business cases, departments should explicitly set out how they will resolve issues caused by changes to old legacy systems and data and demonstrate how wider service redesign will reduce the future costs of the services they support.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2025

2.2 CDDO published a major update to the Digital and Technology Spend Controls policy in February 2024. This seeks to improve the effectiveness and efficiency of the control in providing evaluation and assurance of digital programmes. As part of this update CDDO will be launching a new Risk and Importance framework to allow the automatic triage of spend into high, medium and low risk categories in the early stages of programme delivery such that more detailed assurance can be undertaken on programmes of higher risk.

2.3 CDDO continues to support departments to move away from focusing on redesigning elements of services, towards developing suitably ambitious scopes of work covering end-to-end transformation of services, which will generate greater benefits.

2.4 Following the development and launch of the Legacy IT Risk Assessment Framework to evaluate the criticality of legacy-related risks, 27 departments have been onboarded and a legacy IT risk register created. 63 legacy assets have been assessed as red-rated, 47 of which have a fully funded remediation plan in place, and 14 have a partially funded remediation plan.

3. PAC conclusion: The requirement for senior generalist leaders to have a better understanding of digital business has not been formalised, and training is not focused on how digital developments interact with the complex government operational environment.

3a. PAC recommendation: Digital responsibilities, such as improving digital services and addressing the highest risk legacy systems, should be included in letters of appointment at the most senior levels in all departments. The Cabinet Office should set out the steps it will take to work with civil service HR and other relevant stakeholders in writing to the Committee by December 2023.

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

Target implementation date: June 2025

3.2 CDDO wrote to the Committee on 29 January 2024 to outline and agree the approach and timescale to implementing this recommendation. This is that:

- By the end of June 2024, the Central Digital and Data Office will have written to all departmental Permanent Secretaries to incorporate their views into an interim policy for including specific digital responsibilities into appointment letters.
- Furthermore, by the end of June 2024, the Central Digital and Data Office and HM Treasury will work towards incorporating acknowledgement of responsibility over digital risk as part of the issuing of delegation letters to Accounting Officers.
- By the end of December 2024, the Central Digital and Data Office will work with the Government People Group and existing digital governance structures to formalise and implement a permanent policy.

3b. PAC recommendation: All Departments should appoint at least one non-executive director with relevant digital, data and technology transformation expertise to their Board.

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

Target implementation date: December 2025

3.4 All Digital and Data Board member departments, with the exception of HMT and Defra, currently have a Non-Executive Director (NED) with digital expertise sitting on the Data and Digital Steering Group (DDSG). DDSG is a cross-departmental community of Non-Executive Directors advancing the digital agenda by supporting NEDs to provide effective challenge in their departments and to align on strategic priorities. CDDO is continuing to engage with other departments to encourage the appointment of a digital NED and DDSG membership.

4. PAC conclusion: Digital skills shortages, including those self-inflicted through headcount cuts, risk costing government much more in the long run because opportunities to transform are foregone, and delays increase the risks of prolonging legacy systems.

4a. PAC recommendation: CDDO should support departments to avoid counter-productive digital headcount cuts when they are seeking to double the size of the digital, data and technology profession in the civil service.

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

Target implementation date: June 2025

4.2 The government has set a target that at least 6% of the overall workforce of the Civil Service will be members of the Digital, Data and Technology profession by June 2025. This has been endorsed by the Permanent Secretary Digital and Data Board and agreed through a Write Round handling letter.

4.3 Substantial progress has been made towards the 6% target and latest figures show that 5.4% of the Civil Service workforce are members of the Government Digital and Data profession.

4b. PAC recommendation: Departments should, as part of its Treasury Minute response, quantify the impact of the under-resourcing of digital skills both on their 'business-as-usual' operations and change programmes, and take action to address these such as by scaling back programmes and being explicit about delays and missed opportunities.

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

Target implementation date: December 2025

4.6 The government agrees that departments should be open and transparent with challenges faced as a result of skills shortages. Emphasis should be placed on overcoming these challenges.

4.7 CDDO runs Quarterly Business Reviews (QBRs) with departments, where regular updates are requested on delivery and the impact of skills shortages. Where possible this is quantified. Based on learnings from these sessions, CDDO communicates any emerging issues to the Permanent Secretary level Digital and Data Board.

4.8 CDDO also publishes a workforce insights report on a regular basis where departments are able to provide updates on their workforce mix, skills and roles as well as development programmes. This analysis allows for CDDO to communicate any emerging trends, themes and gaps to governance boards.

5. PAC conclusion: Central functions, such as procurement, have not made significant progress in treating digital programmes differently from physical infrastructure programmes.

5. PAC recommendation: Central functions should write to CDDO by December 2023 to describe their strategy and plans to achieve the necessary digital reforms to central processes so CDDO can identify what blockers and disagreements exist, and how to resolve them.

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

Recommendation implemented

5.2 The head of the Digital and Data Function, wrote to all other Heads of Functions in November 2023 asking for information on their current strategy, in-flight digital reform initiatives, and opportunities for greater collaboration. All responses were received in December 2023. Functional returns did not present any obstacles or disagreements to the implementation of digital transformation activities across government. CDDO will continue to work with functions to ensure that, should blockers arise, they will be resolved effectively

5.3 Though this recommendation has been implemented, CDDO also identified five thematic areas where function could collaborate to develop common approaches or explore new developments: AI and Machine Learning Integration; Data Standards and Analytics;

Digital Skills and Capability; Commercial and Procurement; Delivery performance. In January of this year, The head of the Digital Data Function responded to Heads of Functions to propose three methods of collaboration which will be used to develop a shared prioritised work plan. These are: knowledge-sharing workshops, ready-to-use asset sharing and deduplication and cohesive package development. This work will be taken forward by CDDO and nominated functional leads throughout the rest of 2024.

6. PAC conclusion: We are unconvinced that departments will be able to maintain commitment to the agreed Roadmap activities in the face of competing pressures and priorities.

6. PAC recommendation CDDO should report to Parliament in six months' time, and 6-monthly thereafter, on each department's progress towards achieving the Roadmap commitments they have agreed to. We note that the first 6 monthly report has been published.

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: September 2024
Original target implementation date: February 2024

6.2 CDDO worked with departments to produce a detailed progress update for Parliament in February. Alex Burghart MP, Parliamentary Secretary for the Cabinet Office, submitted a Written Ministerial Statement and Baroness-Neville Rolfe, Minister of State for the Cabinet Office, shared the same statement with the House of Lords. The update is available in the libraries of both houses and online for the public too. The next update is due to be shared with Parliament in September 2024 after the Parliamentary recess.

Seventy-first Report of Session 2022-23

HM Treasury and the Infrastructure and Projects Authority

Resetting government programmes

Introduction from the Committee

Government expects to spend hundreds of billions of pounds across its largest, most innovative and riskiest major programmes, such as those to build railways, schools and IT systems and transform public services. Programmes can take years and changes in the external environment can create new challenges, meaning a programme may no-longer achieve its intended outcomes or it becomes too costly to do so. When this happens, a programme may need to be reset to increase the likelihood of outcomes being achieved.

Resets, which vary from a fundamental change to what is delivered to a significant revision of cost and time estimates, can be significant and risky. A programme reset can be a positive step, even if it means government bodies have spent money that will be wasted, since it provides an opportunity to reflect and rebalance a programme and prevent further waste. However, resets can be challenging and do not always work. The Infrastructure and Projects Authority (IPA), government's centre of expertise for infrastructure and major projects, leads the project delivery function, reporting to the Cabinet Office and HM Treasury. This includes being responsible for improving project delivery by setting frameworks for delivery, undertaking assurance, and providing support.

Relevant reports

- NAO report: Lessons learned: Resetting major programmes – Session 2022-23 (HC 1198)
- PAC report: Resetting government programmes – Session 2022-23 (HC 1233)
- Treasury Minute: November 2023 (CP 968)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 968 above), the remaining recommendations are updated below.

1. PAC conclusion: A lack of guidance and structure around programme resets means they are not always identified so a failing programme does not get back on track.

1a. PAC recommendation: By June 2024 HM Treasury and the Infrastructure and Projects Authority should set out for government a common programme reset definition and how their roles and responsibilities fit alongside those of departments and Ministers to identify and manage resets.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2024

1.2 The Infrastructure and Projects Authority (IPA) plans to publish new guidance on project and programme resets by the end of June 2024. This will provide a common definition for programme and project resets across government and help departments to identify whether programmes or projects should be reset and how to manage the reset process. It will also set out the roles and responsibilities of those overseeing the programme or project when this is reset, including the senior responsible owner (SRO) and accounting officer. The IPA will provide an update to Committee mid to late June to confirm publication.

1b. PAC recommendation: Alongside this, they should provide departments with clarification on how existing processes (such as for funding approvals and assurance) and good practice apply to programme resets, filling in any gaps in guidance.

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

Recommendation implemented

1.4 In April 2024, HM Treasury published updated guidance for the Treasury Approvals Process for programmes and projects. IPA has also published updated guidance on the 'response to red' process on the Government Project Delivery Hub. Together, these updates clarify how programme and project resets fit within existing Treasury approval and assurance processes, including when HM Treasury approval and updated accounting officer assessments are required, and how IPA assurance reviews and the 'response to red' process might lead to a reset.

2. PAC conclusion: Resets could have been avoided with more realistic upfront planning and scoping, including to better reflect the backdrop against which government programmes operate.

2b. PAC recommendation: By June 2024 HM Treasury and IPA should develop guidance (or similar) to support programme teams to realistically reflect the uncertainties of the environment within which they operate in their programme assumptions and estimates to help reduce the likelihood of significant changes.

2.6 The government agrees with the Committee's recommendation.

Recommendation implemented

2.7 The IPA published its Cost Estimating Guidance in 2021. It sets out a best practice approach for developing cost estimates, ensuring that those estimates properly account for the risk and uncertainty inherent in a project. HM Treasury also has long-standing guidance on accounting for optimism bias in projects and programmes. This ultimately aims to ensure risk and uncertainty are properly reflected in business cases for government initiatives from their inception and that this is properly managed throughout the programme or project's lifecycle.

2.8 IPA and HM Treasury have reviewed existing guidance to identify any gaps. The IPA is bringing all existing guidance together to ensure project and programme leaders can easily access the IPA's suite of tools, guidance and best practice to set projects and programmes up for success. This includes the launch of The Teal Book: Project delivery in government, which, like the Green Book, will be the core reference for how portfolios, programmes and projects in government are managed and directed. The Teal Book will cover topics such as how to plan, control and manage risks, issues and change, all of which contribute to the management of uncertainty and complexity in project delivery. Though the IPA will not publish the Teal Book until July 2024, departments have had access to the draft content throughout its development and have already started using it to assess and mature their departmental methods.

3. PAC conclusion: Not having the right environment to encourage diverse views, transparency and constructive challenge has created problems in identifying and managing resets.

3. PAC recommendation: The Infrastructure and Projects Authority should encourage and support departments in developing an environment of openness and transparency across programmes. Alongside the Treasury Minute response to this report, it should write to the Committee setting out how it plans to do this and monitor skills across all aspects of the profession against targets. This should include its pool of assessors, non-executives and practitioners.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.1 The IPA wrote to the Committee in October 2023 which provided a response to recommendations 2A, 3 and 6 of the Committee's recent report on resetting government programmes.

3.2 The IPA works closely with project leaders across government to support a culture of continuous learning and provide opportunities for senior leaders to share lessons and exchange knowledge openly and transparently. It also runs courses for senior leaders and Ministers on how to create the conditions for success and a culture of psychological safety to ensure signs of underperformance are spotted and raised in good time. Over 1,200 participants have enrolled on the Major Projects Leadership Academy (MPLA) and over 2,500 participants on the Project Leadership Programme (PLP) so far. The Senior Responsible Owner (SRO) Fundamentals course, launched in 2021 has had over 200 SROs from across the public sector attend to date and the industry aligned government project delivery accreditation scheme launched in 2022 is on track to achieve the aim of 2,000 project delivery professionals accredited by March 2025, exemplifying the ever-growing capability and skill within the government project delivery sector.

3.3 The IPA will review how it can further address concerns regarding transparency across government programmes and projects, to help encourage open and honest working environments where team members feel able to share concerns and highlight risks and issues early. To date, IPA has supported the recent report on Psychological Safety in major projects in MoD and has promoted it across government via the cross-government Transformation Directors Portfolio Board. IPA assurance reviews also consider the psychological safety and the openness of the governance structures of a programme and have made specific recommendations on projects regarding the transparency and open working environments to share concerns and highlight risks and issues early.

4. PAC conclusion: On too many occasions, programmes have suffered from resets being done too quickly.

4. PAC recommendation: By June 2024, HM Treasury and the Infrastructure and Projects Authority should have drawn together and shared with the profession its insights on the factors influencing the time needed to undertake a reset and encourage programme teams to be realistic on the time they need. In doing this they should review their own processes to ensure they do not introduce milestones that incentivise rushed resets.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2024

4.2 HM Treasury and the IPA will set out a clear structure that can be followed when undertaking a reset within the 'resetting major programmes' guidance. This will help project delivery professionals to plan out the reset in advance, allowing sufficient time to undertake resets properly.

4.3 The IPA's 'response to red' process provides a structured route to escalate underperforming projects and programmes that may need to be reset. The IPA has recently published updated guidance on the 'response to red' process on the Government Project Delivery Hub.

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.

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)
- Treasury Minute: January 2024 (CP 1000)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1000 above), the remaining recommendations are updated below.

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 continues to collect data and evidence in this area, including annual energy supplier reporting on costs and benefits for 2023, which was received by the department in Q1 2024. These returns are currently being analysed and will inform reporting on costs and benefits to Parliament this summer, 2024.

2.3 Initial scoping for a new phase of programme wide evaluation has been carried out, including theory of change mapping of the Programme's expected benefits and impacts. The department is now undertaking detailed design work which will identify key evaluation questions alongside methodological options to support implementation. The department is on track to commence this evaluation in February 2025.

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**.**

Recommendation implemented

5.2 In February 2024, the department published the smart meter in-home display (IHD) voluntary replacement principles which will support energy suppliers in maintaining IHD's beyond their 12-month obligation. These voluntary principles, developed alongside industry and with the support of consumer groups, will create greater consistency across the market and ensure that smart meter users continue to benefit from long term engagement with their IHD. Whilst these principles have been adopted by nine energy suppliers, the department is continuing to pursue wider adoption to maximise the consistency of consumers' experiences.

5.3 The department continues to emphasise the importance of ensuring smart meters operate in smart mode, delivering the full range of benefits for consumers. The number of smart meters not operating in smart mode is monitored through quarterly and annual official statistics which support the Programme's commitment to supporting energy suppliers in meeting their obligations in this key area.

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 Since January's Treasury Minute, the department has continued to take steps to facilitate and support industry party awareness and planning associated with the transition to 4G services including:

- Raising the cross-cutting challenges and touch points the department foresees in the replacement programme with senior energy supplier leaders and encouraging them to build means for tackling them into upcoming investment planning for the period to mid-2030s.
- In February 2024, the department confirmed the industry funding arrangements by which energy suppliers undertake 4G Communications Hub only exchange site visits.
- The department is now taking forward further work in conjunction with Ofgem to develop and implement the funding arrangements to support energy suppliers' operational arrangements for communication hub replacement activity from 2026.

- As part of a regular programme of industry engagement, the department has put in place a series of bilateral meetings with the eight largest energy suppliers through which it will gain fresh insights into suppliers' evolving 4G deployment plans.

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 department is committed to sharing 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. The department plans to share its first report with Parliament this summer, 2024. Work to support this analysis has been ongoing since Summer 2023, drawing on existing regular end-year data collections from energy suppliers and bespoke data requests to other stakeholders. Following a quality assurance process, this evidence will form the basis of an updated view of the Programme's costs and benefits.

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.

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)
- Treasury Minute: January 2024 (CP 1000)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1000 above), the remaining recommendations are updated below.

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.

Recommendation Implemented

1.2 The Covid-19 pandemic was a major shock to both the NHS and international healthcare systems, and its effects continue to impact performance. As such, recovery of core services is taking significant time, and conditions that impact performance may never return to their pre-Covid state.

1.3 The NHS is making progress is recovering from the pandemic across core services and has taken significant steps forward. 2023-24 saw improvements in A&E performance, with

74.2% of attendances spending less than four hours in A&E departments in March 2024 – up from 71.5% in March 2023. Performance data also shows that ambulance response times in March 2024 improved across all categories compared to March 2023.

1.4 Work is underway to improve measurement and quantification of productivity. This includes methods to capture the expansion of services such as Same Day Emergency Care, Virtual Wards and Diagnostics that have occurred in recent years.

1.5 As set out in the 2024-25 operational planning guidance, 2024 will see an investment in technological enablers to support long-term sustainable change. NHS England will continue to develop the NHS App as the digital front door to the NHS, will roll out the Federated Data Platform, and will continue to prioritise digitising the frontline to enable NHS systems to make the best use of Electronic Patient Records systems.

1.6 NHS England has agreed a £3.4 billion capital investment as part of the 2024 Spring Budget, which will enable longer-term investment in AI, digital and technology priorities to support productivity growth by 2030. NHS England will set out further details of this planned investment in the summer.

1.7 A letter was sent to the committee in May 2024 setting out responses in full to all recommendations.

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.

1.8 The government agrees with the Committee's recommendation.

Recommendation implemented

1.9 One of the key ambitions of the Urgent and Emergency Care recovery plan is improving patient flow through hospitals, with delivery of 5,000 extra core General and Acute beds completed in January 2024 as well as the expansion of Virtual Ward capacity to the 10,000-bed capacity ambition, alongside significant work to reduce patient discharge delays.

1.10 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.

1.11 The utility of these digital tools will be further supported by the implementation of the Federated Data Platform that will enable NHS organisations to bring together operational data to support staff to access the information they need in one safe and secure environment.

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.

Recommendation implemented

2.2 In recognition of pressures around recruitment and retention, The People Promise Exemplar Programme was launched in April 2022 and has supported 23 NHS organisations to deliver a suite of interventions that reflect the needs of local teams. These organisations continue to achieve successful retention outcomes, including improved leaver rates.

2.3 To accelerate the spread of best practice, sustain the leaver rate improvements achieved, and further benefit from retaining more of our skilled and experienced staff, NHS England have launched the second cohort of Exemplars, comprising of 116 organisations.

2.4 In June 2023, NHS England produced the first ever comprehensive long term workforce plan, funded up until 2028. This will enable the NHS to take local, regional and national actions to address the gaps we have in the current workforce and meet the challenge of a growing and ageing population.

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.

Recommendation implemented

3.2 Underlying structural challenges exist in some NHS trusts and systems and continue to affect Urgent and Emergency Care (UEC) performance. These include population, geographic, workforce, estates, digital and management factors. Tackling variation in performance is one way to bring about fairer outcomes for patients. The Secretary of State and the NHS Chief Executive have met with the Chief Executive Officers of trusts which are struggling to improve variation in performance to better understand how to support these organisations

3.3 NHS England is working to tackle unwarranted variation in performance. NHS England's Urgent and Emergency Care tiering support is carried out at a system level to enable collaboration between secondary, primary, community and social care. Within its first year, the tiering programme has helped generate notable improvements in the most challenged systems, including in 4-hour A&E performance. Reduced variation in ambulance category 2 response times in 2023-24 have been enabled by differential investment into ambulance trusts to reflect their unique and relative challenges.

3.4 Additional initiatives to reduce variation that NHS England takes responsibility for include discharge support, a UEC universal support offer available to all systems, regular performance oversight conversations and real-time operational risk management.

3.5 More widely, reducing variation in NHS estate capacity is being supported via a number of capital incentive schemes, including a specific UEC incentive scheme, as set out in the capital guidance update for 2024-25. Support is also deployed via the work of Getting it Right First Time, the Recovery Support Programme (RSP), the Emergency Care Improvement Support Team (ECIST) and more recently the introduction of NHS IMPACT (Improving Patient Care Together).

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.

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)
- Treasury Minute: January 2024 (CP 1000)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1000 above), the remaining recommendations are updated below.

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**.**

Recommendation implemented

1.2 In December 2023, the Department for Energy Security and Net Zero (the department) responded to the recommendation, sending a letter to the Committee documenting plans for energy affordability in winter 2023–24, including an outline for potential future domestic Energy Affordability policy.

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 The department is currently on track to meet this recommendation. The department has already conducted lessons learned exercises focusing on the SAR initiation and SAR operations, for which the department will be sharing the findings with the Committee.

3.3 The department will undertake further lessons learned exercises once clear of the ongoing JR appeal proceedings and at the end of the SAR period. The expectation is for the full suite of lessons learned outputs to be incorporated into a Bulb SAR evaluation report at the end of the special administration.

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.

3.4 The government agrees with the Committee's recommendation.

Target implementation date: December 2025

3.5 The department is currently on track to meet this recommendation.

3.6 The department wrote to the Committee on 27 February 2024 to provide an interim update of the latest estimated shortfall. Following a further update to the Committee, as of 9 May 2024 this is currently estimated at c. £6.1 million, representing an approximately 99% plus recovery of amounts owed to HM Government. The Secretary of State has discretion under licence conditions over whether to issue a shortfall direction. Any potential recovery of this shortfall is dependent on the final amounts calculated by the administrators, which they will inform the department of by Autumn 2025.

3.7 The department has now received confirmation that the payment deferral conditions have not been met and as such Octopus is required to commence payments to Bulb SAR as scheduled this summer. The department expects to provide an update to the Committee by the end of October 2024 as to whether full payment has been received from Octopus.

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 HM Treasury and UK Government Investments (UKGI) are making good progress with reviewing the Government Corporate Finance Profession's (GCFP or 'the Profession') forward plan to include raising awareness of the specialist skills that are available across the government in a supplier failure scenario and similar situations, including drawing on the recent NAO Lessons Learned paper – Monitoring and responding to companies in distress. UKGI are in the process of working with their GCFP sub-group on the forward training plan.

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 Existing guidance set out in Managing Public Money provides guidance to Accounting Officers (AOs) on what they should consider when making decisions about the use of hedging or forward purchasing by any organisation within the Public Sector, including those taken in from the private sector. Most importantly, AOs should consider whether any such arrangements represent value for money for the exchequer as a whole to deliver their stated policy objectives, and how they fit into the department and the organisation's risk management framework. Clarification on this point will be provided as part of the next update to Managing Public Money.

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.

Relevant reports

- NAO report: Active Travel in England – Session 2022-23 (HC 1376)
- PAC report: Active travel in England – Session 2022-23 (HC 1335)
- Treasury Minute: January 2024 (CP 1000)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1000 above), the remaining recommendations are updated below.

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 The Department for Transport has considered Active Travel England's (ATE) achievements in the 2023-2024 year and the Responsible Minister held an annual review meeting with the ATE Chair and CEO on 18 April 2024. In addition, ATE has commissioned an independent review of its first-year performance as a statutory consultee in the planning system. This will look at both performance, and the resources required to deliver wider services requested by both public and private sector. More broadly, the department will continue to keep the level of resourcing for ATE under review and is satisfied that ATE is using its current resources appropriately.

1.3 Following the 2023-2024 annual review meeting, the Secretary of State for Transport has written to the ATE Chair setting out the Department's priorities for ATE in 2024-2025. This has informed revised operational targets for ATE (Key Performance Indicators) which will be reviewed regularly and progress reported in the annual report and accounts.

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.

Recommendation implemented

5.2 ATE published design tools for local authorities in February 2024. Application of these tools by local authorities will help ensure the delivery of quality active travel schemes, including where those schemes are integrated with the wider public transport network. ATE's Inspectorate function will work with local authorities to ensure these tools have been implemented effectively. ATE has Memorandums of Understanding with wider public transport funding sponsors to facilitate design reviews of active travel schemes, including for the Levelling Up Fund and City Region Sustainable Transport Settlements.

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.

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)
- Treasury Minute: January 2024 (CP 1000)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1000 above), the remaining recommendation is updated below.

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 As part of the Place Based Approach, the Home Office (the department) is in advanced discussions with Local Authorities (LA) to refresh plans for Full Dispersal, to ensure they are evidence based and deliverable. The new plans factor in a range of matters including housing market, social pressure, existing populations and wider asylum accommodation.

4.3 Throughout January and February 2024, the department completed test for change activity across three regions, to assess and refine its approach to governance and engagement across all protection-based immigration cohorts. The department tested internal structures, relevant data and briefing tools, revised governance structures and culture, to drive delivery as part of our ongoing commitment to joined up working and regionally focused excellence. The department has also approached LGA (Local Government Association) and LA partners in May 2024 to discuss recommendations following test for change.

4.4 To support that shift, the department has completed stage one of a review of its strategic engagement with partners and are moving into stage two where the department will be designing a regionally focused External Relations function to effectively develop relationships and deliver through its partners, including LAs.

4.5 The Home Office is regularly sharing more data with LA partners to ensure visibility of the people residing within their local areas and supporting their ability to plan; this includes place-based visibility data which provides a forward look and asylum support discontinuation data which provides real time data; the department will continue to iterate data sets in collaboration with local authorities ensuring they meet their needs.

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.

Relevant reports

- NAO report: Investigation into supported housing - Session 2022-23 (HC 1318)
- PAC report: Supported Housing - Session 2022-23 (HC 1330)
- Treasury Minute: January 2024 (CP 1000)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1000 above), the remaining recommendations are updated below.

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 late July 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.

Recommendation implemented

2.2 DLUHC wrote to the to the Committee on 18 December 2023 in response to this recommendation.

2.3 The government plans to consult, as required by the Act, on all the relevant measures, and will publish the consultation at the earliest opportunity.

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.

Recommendation implemented

3.2 The Department for Work and Pensions (DWP) has been working closely with local authorities to conduct monthly monitoring of the quality of both new Housing Benefit claims, and the full case review - which was completed by 31 March 2024 for almost all local authorities.

3.3 DWP now has robust data enabling it to provide ongoing estimates of the scale and cost of specified accommodation. DWP will continue to monitor Housing Benefit data to ensure this improvement in quality is maintained, including continuing liaison with local authorities.

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 allows licensing authorities to charge fees for their functions, and the government will consider any impact on supported housing schemes and providers.

4.3 DLUHC will take a balanced approach to reforms while ensuring the measures enable LAs to take effective enforcement against poor quality provision.

4.4 A consultation seeking views on the design of licensing regime will be published as soon as possible, and the responses will inform the licensing regulations and fee setting.

4.5 Impact assessments will be published alongside the regulations for the licensing regime. 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 In the first Treasury Minute response, DWP committed to further develop plans to support Local Authorities in making quality Housing Benefit fraud referrals for DWP to investigate.

5.3 As a result, DWP have set up a working group to review the end-to-end process for Housing Benefit (any claim type) fraud referrals to identify if there are any barriers preventing fraud being raised. The Housing Benefit Fraud Referral Process Working Group is made up of key representatives from the DWP Local Authority Partnership; Engagement and Delivery division; Counter Fraud, Compliance and Debt (CFCD); and Digital and Service Planning. The working group will discuss, develop and implement any improvements identified in the fraud referral process to ensure Housing Benefit fraud in Supported housing is captured effectively. This may include:

- Ensuring CFCD investigations and compliance provide Local Authorities with regular feedback on case outcomes.
- Providing clearer guidance on how to make a quality referral, including what constitutes robust evidence to pass the Crown Prosecution Service standards.
- Trialling a new cloud-based platform for sharing claim information between Local Authorities and DWP for a more efficient process.

5.4 The working group will invite representatives from local authorities to engage in a workshop to discuss how the Housing Benefit fraud referral process works for both parties and agree in principle to a basic operational model.

5.5 DWP has also committed to:

- By the end of Summer 2024, DWP expects to have sufficient data to review the success rate of Local Authority full case reviews, as part of its Housing Benefit Award Accuracy scheme.
- Looking at the early Management Information (MI) from the current Housing Benefit fraud and error claim sampling for supported accommodation cases to see if it provides an indication of any specific fraud and error types not currently addressed through DWP's existing Housing Benefit fraud and error initiatives.

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.

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)
- Treasury Minute: January 2024 (CP 1000)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1000 above), the remaining recommendations are updated below.

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

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. The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 HM Prison and Probation Service (HMPPS) wrote to the Committee on the 10 May 2024. HMPPS has developed an action plan for a strategic approach to resettlement, setting out the steps which need to be taken in order to develop and establish an improved, consistent approach to resettlement.

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 Ministry of Justice and the Department for Health and Social Care are working on developing a proposal, based on work to strengthen existing data and metrics. These will be agreed by the Cross-Government Reducing Reoffending Board in the summer and reflected in routine publications, such as the Drugs Strategy Annual Report.

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.

Recommendation implemented

6.2 The Ministry of Justice published the 2023 to 2028 prison population projections in February 2024 and wrote to the Committee on the 10 May 2024 setting out the projections for the prison population, bringing six new prisons online, and the level of demand for resettlement services.

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.

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)
- Treasury Minute: January 2024 (CP 1000)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1000 above), the remaining recommendations are updated below.

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 Net Zero Innovation Board, chaired by the Government Chief Scientific Adviser with representatives from across government, is responsible for providing coordinated and strategic oversight on net zero research and innovation programmes and ensuring alignment with government priorities. A Net Zero Innovation Board meeting has been arranged to review the government's net zero research and innovation portfolio and consider strategic priorities for the future. This will include assessing progress against the challenges set out in the Net Zero Research & Innovation Framework, and will be used to inform future allocation decisions.

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. These were reconfirmed in the Net Zero Growth Plan, which also highlighted how the government will support public awareness and amplify net zero messaging, including setting out for the public how net zero policies will change how we live and work, whilst minimising undue burdens or costs on the lives of individuals.

3.3 Alongside existing energy saving campaigns and advice programmes, the government has increased the Boiler Upgrade Grant by up to 50% to £7,500 to help households who want to replace their gas boilers with a heat pump. Heat pump installations are also being supported by ECO, the Home Upgrade Grant, and the Social Housing Decarbonisation Fund. Additionally, the government's Great British Insulation Scheme will upgrade around 300,000 of the country's least energy efficient homes.

3.4 The government has spent over £2 billion to support the transition to zero emission vehicles. In December 2023, a £70 million pilot for the Rapid Charging Fund opened to facilitate the deployment of rapid/ultra rapid chargers at motorway service areas in England. The government is also delivering the £381 million Local Electric Vehicle Infrastructure (LEVI) Fund to local authorities to make charging available for drivers without off-street parking. To increase confidence in the charging network and reduce charging anxiety, the government has introduced the Public Charge Point Regulations 2023.

3.5 The government is also refining its approach towards engaging with the public on the adoption of low carbon technologies through a package of social research projects, examining current attitudes and barriers, as well as understanding who the public trusts to deliver messages on net zero, sustainability and environmental action.

3.6 Consumer interests and the potential challenges they face are also being addressed by a number of current research and innovation programmes. They will continue to be considered as the government reviews progress against innovation priorities, including in an update on the Net Zero Research and Innovation Framework Delivery Plan, and when future programmes are designed.

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**.**

Recommendation implemented

4.2 There are comprehensive cross-government governance arrangements in place to oversee net zero delivery and government investment in research and innovation for net zero. For overall net zero delivery governance, the Net Zero Integrated Review Implementation sub-group (Net Zero Sub-IRIG) comprises of senior officials from across government with responsibility for establishing and implementing a cross-government net zero delivery strategy.

4.3 A set of actions and responsibilities between the Net Zero Sub-IRIG and Net Zero Innovation Board have been agreed to strengthen governance around end-to-end cross-government progress on net zero technologies.

4.4 The Net Zero Sub-IRIG will discuss net zero innovation priorities on an annual basis and a discussion has been scheduled for a future meeting. This will ensure that policy teams are sighted on key net zero technologies that are at early stages of development.

4.5 The Net Zero Innovation Board will discuss later stage finance on an annual basis and a discussion has been scheduled for a future meeting. This will promote join-up across the whole innovation funding pipeline for net zero technologies from early stages of development through to deployment.

4.6 These actions will ensure that key interdependencies between research and innovation programmes and wider net zero policy, regulation and investment are identified, and any challenges mitigated.

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**.**

Recommendation implemented

5.2 The Net Zero Innovation Board, through its Innovation Delivery Board sub-group, oversees progress and delivery of the government's net zero research and innovation programmes. The Innovation Delivery Board has considered and agreed desired outcomes for the current government net zero research and innovation portfolio as set out in the Net Zero Research and Innovation Framework Delivery Plan.

5.3 The Innovation Delivery Board will continue to 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 after the end of the current Spending Review period in 2025. This will allow for 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.

Recommendation implemented

6.2 The Net Zero Innovation Board, through its Innovation Delivery Board sub-group, has considered risk appetite and tolerance for programmes in the current net zero research and innovation portfolio as set out in the Delivery Plan and agreed an overall government risk appetite statement for net zero research and innovation. This will be part of the Board's considerations when it reviews the net zero research and innovation portfolio and strategic priorities for the future.

6.3 The 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 after the end of the current Spending Review period in 2025. This will include a view on the progress and timescales for the development of different technologies, if these differ from previous expectations.

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 after the end of the current Spending Review period in 2025. Preparations to support this have started.

Eightieth Report of Session 2022-23

HM Revenue & Customs

Making Tax Digital

Introduction from the Committee

His Majesty's Revenue & Customs (HMRC) is responsible for administering the UK's tax system. In 2015 the government announced its ambition to make tax digital by 2020 and in 2015–16 HMRC launched its flagship transformation programme Making Tax Digital. The objectives of the programme are to maximise tax revenue, make sustainable cost savings and improve customer service by modernising the tax system for three taxes, VAT, Income Tax Self Assessment (Self Assessment) and Corporation Tax. The programme aims to move HMRC's existing tax system and records to a new modern tax management platform. HMRC will require taxpayers to keep and submit digital tax records quarterly through third party software. HMRC expects that the programme will reduce the amount of tax revenue lost to errors and carelessness (currently estimated at £9 billion) and help taxpayers understand their tax affairs better.

HMRC introduced digital tax record keeping for larger VAT businesses as initially planned in 2019, and for smaller VAT businesses three years later than planned in 2022. The Self Assessment part of the programme was originally due to be introduced in 2018 but by December 2022 the timetable had been delayed on four occasions. In December the government announced that the introduction of Making Tax Digital for Self Assessment would be delayed again, and the number of taxpayers affected would be reduced. Those businesses and landlords with Self Assessment incomes above £50,000 will be required to use the new system first in 2026, then those with incomes between £30,000 and £50,000 in 2027. The programme for those with incomes between £10,000 to £30,000 has been put on hold until further notice. HMRC has not announced when it will introduce digital record keeping for general partnerships or Making Tax Digital for Corporation Tax. The programme has so far cost £642 million. HMRC expects introducing Making Tax Digital for VAT and Self Assessment will now cost a total of £1.3 billion, a 400% increase in real terms compared to its original estimate of £222 million in 2016 for all three taxes in the programme.

Relevant reports

- NAO report: Progress with Making Tax Digital – Session 2022-23 (HC 1319)
- PAC report: Progress with Making Tax Digital – Session 2022-23 (HC 1333)
- Treasury Minute: February 2024 (CP 1029)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1029 above), the remaining recommendations are updated below.

4. PAC conclusion: In seeking further investment in the programme, HMRC has not been open enough about the substantial costs that Making Tax Digital will impose on many taxpayers.

4. PAC recommendation: Before finalising its proposals to extend Making Tax Digital to lower income taxpayers, HMRC should:

- ***fully reassess the costs for customers to comply with Making Tax Digital for Self Assessment, taking account for inflation and any significant design changes made when finalising its plans; and***

- ***Use this to prepare a robust updated business case for Making Tax Digital for Self Assessment.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

4.2 HMRC has conducted a comprehensive review of the evidence feeding into estimates, bringing in the latest internal and external data available. On 22 February 2024, alongside regulations that were laid implementing mandation timelines and the design improvements from the recent review of Making Tax Digital (MTD) for Income Tax Self Assessment , the department published the new customer cost estimates on Gov.UK in a Tax Information and Impact Note (TIIN). Stakeholders recognise the estimates are credible and are a welcome sign that HMRC is taking burdens on businesses seriously. The current MTD business case has spend approval until 31 March 2025, and HMRC remains committed to ensuring that the next iteration provides a full update on costs (HMRC and customer) and that the benefits of the programme are realised in line with approvals timelines.

5. PAC conclusion: HMRC's poor track record of repeated delays to the Making Tax Digital programme and its lack of conviction in its latest timetable gives us little confidence that it will deliver the rest of the programme on time.

5b. PAC recommendation: If further changes to the delivery timetable are necessary, HMRC should communicate this clearly, early and definitively, to provide certainty to its delivery partners and customers.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2026

5.2 HMRC is working closely with agents and software vendors to expand the breadth of customers in the MTD for ITSA private beta service in the 2024-25 tax year. The private beta will test key journeys with customers and agents and resolve issues in preparation for a wider public beta in 2025-26. This is an important phase of delivery, and the number of software products ready to support customers taking part in the private beta has increased from five to seven.

5.3 As set out in the government's Treasury Minute of February 2024, HMRC has taken a range of steps to strengthen and assure its delivery plans and addressed the most significant design issues, with work continuing in close collaboration with external stakeholders. This range of work – alongside the expansion of the beta testing programme to ensure that MTD's service design meets users' needs – continues to provide assurance that the overall plan is deliverable.

5.4 HMRC remains committed to providing customers and affected delivery partners adequate time to prepare in the event of any material change to MTD's delivery timetable. The Department will share further updates with the Committee as the beta testing phase progresses.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2023-24

Updates on reports with outstanding recommendations

First Report of Session 2023-24

Department of Health and Social Care

The New Hospital Programme

Introduction from the Committee

The NHS in England has around 1,500 hospitals, where most emergency and elective care occurs. The NHS estate contains many old buildings, and its condition has been deteriorating, with some 43% built before 1985, and 15% pre-dating the NHS itself. The value of the total maintenance backlog in NHS hospitals (that is, the estimated cost of restoring all its buildings to an appropriate state) had reached £10.2 billion in 2021–22, compared with £4.7 billion in 2013–14. In 2020, the government committed to build 40 new hospitals by 2030, as well as completing eight schemes that were already in construction or pending final approval.

DHSC set up the New Hospital Programme (NHP) to deliver this commitment. Where hospital construction schemes had previously been funded centrally but delivered locally by NHS trusts, NHP would take a new approach, managing projects as a portfolio and standardising processes and designs with the aspiration, once fully implemented, of making significant time and cost savings in the development of new hospitals. HM Treasury initially provided funding of £3.7 billion for the period to 2024–25. In early 2023, it set an indicative maximum for capital funding of £18.5 billion for 2025–26 to 2030–31, taking the total to £22.2 billion (though the amount is subject to future spending reviews).

Following a reset of the programme in May 2023, NHP now includes the replacement of all seven hospitals built entirely of reinforced autoclaved aerated concrete (RAAC) which has become structurally unsound. The scheduled completion date of eight new hospitals included in the original programme has now been delayed until after 2030, and in total only 32 of the new hospitals are now planned for completion by 2030.

Relevant reports

- NAO report: Progress with the New Hospital Programme – Session 2022-23 (HC 1662)
- PAC report: The New Hospital Programme PAC Report – Session 2022-23 (HC 77)
- Treasury Minute: February 2024 (CP 1029)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1029 above), the remaining recommendations are updated below.

1. PAC conclusion: We are extremely concerned by the lack of progress the New Hospital Programme has made in the three years since its creation.

1. PAC recommendation: DHSC should urgently examine how the programme can be made to deliver some tangible results for patients. This should include considering:

- ***whether the central programme team has the capacity and capability to manage all aspects of the programme as currently configured, including the eight schemes that do not count towards the 40 new hospitals commitment; and***
- ***whether more new hospitals should commence construction sooner using pre-existing approaches to design and contracting.***

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The New Hospital Programme (NHP) continues to make progress, with two further schemes at Dyson Cancer Centre and Salford Royal Major Trauma Centre having opened to patients since the Treasury Minute response was published in February 2024. The NHP continues to deliver tangible benefits to patients and all schemes are being supported to proceed as quickly as possible. In total six hospitals are now open to patients, with two more expected to open by the end of the financial year and a further 18 schemes are in construction or have early construction activity underway to prepare sites.

1.3 The NHP has developed a third version of its Programme Business Case (PBC) which was submitted to the Major Projects Review Group as planned at the end of April and at the time of writing this report on 15 May 2024 is being considered through the usual assurance processes. The PBC considers the overall deliverability and affordability of the Programme and the Programme's commercial approach.

1.4 The department wrote to the Committee on 25 March 2024 on the NHP's capacity and capability, in response to the Committee's recommendation 7. The NHP is working to procure a permanent Programme Delivery Partner (PDP) and recently published its Invitation to Submit Initial Tenders on 2 May 2024.

1.5 The Main Work Framework (MWF) procurement is the NHP's tailored commercial framework. The Programme has considered the option of commencing construction of schemes using existing approaches to both hospital design and methods of contracting, and considers that a small number of schemes may be suitable for progressing this way while the NHP's Main Work Framework is being developed. If schemes are ready to procure construction services, existing government commercial frameworks will be considered.

1.6 Using existing frameworks could reduce the ability to manage schemes collectively and to intelligently mitigate capacity pressures. The potential negative impacts of using existing approaches will be balanced against the benefits of progressing schemes sooner and be decided on a case-by-case basis. Proposals will also be subject to approval of individual business cases as is standard process.

6. PAC conclusion: There appears to be insufficient funding for DHSC to build all the hospitals it plans, and to an adequate size, by 2030.

6. PAC recommendation: DHSC should be realistic about the likely cost of schemes and what can be afforded by 2030. As well as addressing the shortcomings in its Minimum Viable Product version of Hospital 2.0, it should engage further with the construction industry to understand and manage likely capacity constraints. It and HM Treasury should agree explicitly and in writing whether the pre-2030 costs of eight delayed cohort 4 schemes are to be met from the current agreed funding envelope.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: May 2024

6.3 The NHP Programme Business Case (PBC) was submitted as planned at the end of April to the Major Projects Review Group and is being considered through the usual assurance processes. The PBC process considers deliverability and affordability of the programme, along with demand and capacity modelling assumptions. Funding for the programme in future years will be subject to usual Spending Review processes, and individual scheme costs will be subject to the full business case assurance and approval processes.

6.2 Building market capacity remains a priority for the NHP and the programme continues to engage with the UK and international main works contractors' market. The NHP recently conducted in-depth reviews of priority construction markets to engage potential suppliers directly to understand their current capacity and capability positions and the interventions the programme can make to increase appetite.

7. PAC conclusion: The Programme is over-reliant on consultancy services.

7. PAC recommendation: DHSC should work with HM Treasury and the Cabinet Office to develop a strategy for attracting into the civil service and retaining there the skills it needs to run a rolling programme of hospital construction; it should write to the Committee by March 2024 setting out what it will do differently in future.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 The department wrote to the Committee on 25 March 2024 to set out the NHP's approach to developing enduring hospital-building capability and capacity.

7.3 The NHP is developing a strategy for building the capabilities needed to attract, retain and develop a highly skilled workforce in the DHSC sponsor team and NHS England delivery team in the NHP in order to transform how hospitals are delivered over the longer term.

7.3 The NHP is using a combination of internal resource and external professional and technical expertise to ensure the right capabilities and specialist skills are in place to deliver the programme. This includes working with experts in Cabinet Office, HM Treasury and the Infrastructure Projects Authority to enable the programme to deliver as effectively as possible.

7.4 As is usual for a programme of this kind, it has been necessary to use external resource to enable the programme to set up and deliver at pace. The NHP is procuring a Programme Delivery Partner (PDP) to ensure flexibility of service provision as the NHP progresses, and to deliver capabilities such as running the delivery of the Programme, designing and developing standardisation, and supporting Trusts. The Invitation to Submit Initial Tenders was published on 2 May 2024. The government recognises the importance of minimising spend on external resource and is increasing internal resource as the NHP matures as an organisation, and the NHP is designing a Knowledge and Skills Transfer strategy to ensure external partners transfer knowledge and skills in-house for the longer term.

Second Report of Session 2023-24

Department for Education

The condition of school buildings

Introduction from the Committee

There are 21,600 state schools in England, educating 8.4 million pupils. Between them, these schools have around 64,000 buildings, which can vary in age and design even on the same site. The 'responsible body' in control of the school—usually the relevant local authority, academy trust or voluntary-aided body—must manage the condition of its buildings and ensure they are safe. DfE has overall responsibility for the school system in England, setting the policy and statutory framework and bearing ultimate accountability for achieving value for money from the funding provided to schools, including for school buildings.

DfE distributes funding to responsible bodies, collects data on the condition of school buildings, conducts surveys on specific issues, and itself delivers some estate-related programmes. It has a clearly articulated principle to rebuild schools in the worst condition while allocating enough funding to allow responsible bodies to maintain the rest of the school estate. DfE considers that exclusively spending money on the poorest condition buildings would not deliver best long-term value for money

Relevant reports

- NAO report: Condition of school buildings – Session 2022-23 (HC 1516)
- PAC report: The condition of school buildings – Session 2023-24 (HC 78)
- Treasury Minute: February 2024 (CP 1029)

Update to the Government response to the Committee

Following the government's response to the Committee on this report (CP 1029 above), the remaining recommendations are updated below.

5: PAC conclusion: DfE has incomplete knowledge of the prevalence of asbestos across the school estate.

5: PAC recommendation: As soon as possible, DfE should provide us with evidence that it has a full picture of asbestos across the school estate, having received survey returns from all schools and ensuring that every relevant school has an adequate asbestos management plan in place.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2026

5.2 The Department for Education continues to update its information on how bodies responsible for the school estate are managing asbestos where it is present in school buildings in England. Information collected through the Asbestos Management Assurance Process (AMAP) launched in March 2018 is now being updated through the Condition Data Collection 2 (CDC2) programme, which remains on track to complete in 2026.

5.3 As of the end of April 2024, 703 (47%) of non-responders to the original AMAP had been visited through CDC2, reducing the number of non-responders from 1491 (6.7%) to 788 (3.6%). The full dataset will be available by 2026.

5.4 Asbestos management in schools and other buildings is regulated by the Health and Safety Executive (HSE). The HSE advice is that if asbestos-containing materials are in good condition, well protected, and unlikely to be damaged or disturbed, it is usually safer to manage them in place. The department works closely with HSE and has published updated guidance on Managing asbestos in schools and colleges. Annual condition funding can be used to remove asbestos where it can no longer be managed effectively in place.

7: PAC conclusion: DfE has focused on reactive measures addressing immediate building concerns that often fail to take account of longer-term value for money considerations.

7a: PAC recommendation: Within the next year, DfE should set out its strategy for encouraging responsible bodies to carry out timely and effective repairs to better protect longer-term value for money.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: February 2025

7.2 The department already provides extensive guidance to help responsible bodies to maintain their estates in a safe condition, compliant with relevant regulations, and to plan strategic management of their assets to deliver value for money. Guidance, such as Good estate management for schools, will continue to be updated on a regular basis. The department's new Estate management competency framework, which sets out the skills and knowledge needed in different roles to manage school estates, has been well received.

7.3 The department keeps its approach under review, including considering how it may further clarify the role of responsible bodies and further support them to manage their estates effectively for the long-term.

7b: PAC recommendation: DfE should also reconsider its value for money analysis on fitting fire safety measures.

7.4 The government agrees with the Committee's recommendation.

Target implementation date: September 2024

7.5 The department aims to publish an updated version of its guidance on Fire Safety (BB100) by September 2024, following consideration of the value for money of fitting sprinklers as standard on new school buildings.

8: PAC conclusion: The School Rebuilding Programme is behind its initial schedule for getting contracts in place and schools built.

8: PAC recommendation: DfE should provide us with assurance that it has a good understanding of how current and likely future challenges will affect the timetable and costs for the School Rebuilding Programme, including by carrying out appropriate scenario-planning should likely and significant risks materialise.

8.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2024

8.2 The programme is part of the government's major projects portfolio. Delivery of the programme, including management of risk, is formally reviewed through regular Infrastructure and Project Authority (IPA) gateway reviews. The programme manages risks robustly, continually monitoring the horizon and assessing internal and external factors that could impact on delivery at local and national level, so it is able to respond quickly to challenges. Where construction contracts have been awarded to date, the department continues to deliver projects, faster on average, than the expected timescales. The next gateway review is expected to take place later in 2024.

9: PAC conclusion: There is considerable variation across the school estate, including regional disparity in the condition of school buildings and differences in school types and governance models, which will influence the type of support DfE needs to provide.

9: PAC recommendation: DfE should review its guidance, support and financial allocations designed to help reduce variation in the condition of school buildings and the capability of those managing the estate, and make improvements where necessary.

9.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2025

9.2 The department already uses evidence of the condition of schools to help target funding and capital programmes where they are most needed unlike previous programmes, such as Building Schools for the Future. The department also provides extensive guidance on effective estate management, advice on specific estate issues and in June 2023 published the new Estate management competency framework which sets out the skills and knowledge needed in different roles to manage school estates well.

9.3 The department continues to expect representative data from the on-going Condition Data Collection 2 to be available in 2024 to further inform capital funding policy and any changes to the allocation methodology for the 2025-26 financial year. Capital budgets beyond 2024-25 are subject to the next Spending Review.

Third Report of Session 2023-24

Department for Work and Pensions

Revising health assessments for disability benefits

Introduction from the Committee

The Department for Work & Pensions (the Department) supports people with disabilities through a range of disability benefits, including Employment and Support Allowance (ESA), Universal Credit (UC) and Personal Independence Payments (PIP). There are around 3.9 million working-age people receiving at least one of the principal disability benefits. The Department uses functional health assessments to help it assess whether people are eligible for disability benefits. DWP currently contracts with three providers to undertake functional health assessments, with one providing Work Capability Assessments and the other two providing assessments for Personal Independence Payments (PIP).

The Department set up the Health Transformation Programme (the Programme) in July 2018 to transform the functional health assessment and PIP application processes. It aims to do this by digitising the process, enabling online applications, improving case management, and triaging claims. As a result, the Programme aims to make the health assessment process simpler, more user-friendly, easier to navigate and more joined up for claimants, while delivering better value for money for the taxpayer. The Department expects the programme to cost £1 billion, of which it has spent £168 million up to March 2023. It expects the programme to achieve benefits equivalent to £2.6 billion by improving the speed and accuracy of its decisions, giving claimants better support, and improving claimants' trust in the decisions the Department makes. It believes this will reduce its own costs and deliver £1.3 billion of wider societal benefits, mostly through increasing claimant engagement with employment support which can then lead to higher employment of those with disabilities.

The Department plans to roll out its new service—the Health Assessment Service—for managing health assessments and claims for PIP by 2029. Until then, the Department intends for an interim assessment service—the Functional Assessment Service—to be provided under four geographic contracts from 2024 to 2029, covering the whole of Great Britain and costing around £2 billion. The Department has also set up two new offices— Health Transformation Areas—in London and Birmingham to develop the new service in house, outside of the outsourced Functional Assessment Service.

Relevant reports

- NAO report: Transforming health assessments for disability benefits – Session 2022-23 (HC 1512)
- PAC report: Revising health assessments for disability benefits – Session 2023-24 (HC 79)
- Treasury Minute: February 2024 (CP 1029)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1029 above), the remaining recommendations are updated below.

2. PAC conclusion: There is a risk that the Department will deliver a new service without the important improvements to claimant's experience.

2. PAC recommendation: The Department should publish a revised business case, no later than spring 2024, with details on how its desired transformation of the health assessments for disability benefits will result in the promised benefits for claimants and how it will track and assess progress towards this.

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

Revised target implementation date: Summer 2024
Original target implementation date: Spring 2024

2.2 The Department for Work and Pensions has updated the Health Transformation business case and will publish a summary of the business case and Accounting Officer Assessment in the Summer once the usual cross-government clearances have been received.

7. PAC conclusion: It is not acceptable that the Department has spent £168 million on the Programme, and is about to commit to a further £2 billion for the Functional Assessment Service, without being transparent to Parliament about whether it is meeting Accounting Officer standards.

7. PAC recommendation: HM Treasury should write to the committee within three months, listing any other GMPP programmes that have not published their Accounting Officer assessments, that would be expected to have been already published under its latest guidance. It should also include a rapid timetable for the relevant Departments to publish summary AO assessments now.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 HM Treasury wrote to the Committee on 15 March 2024 with the requested information on programmes within the Government Major Projects Portfolio (GMPP) and the status of their accounting officer assessments.

Fourth Report of Session 2023-24

Department for Work and Pensions

The Department for Work & Pensions Annual Report and Accounts 2022–23

Introduction from the Committee

The Department for Work & Pensions (DWP) is responsible for the delivery of work, welfare, pensions and child maintenance policy. It administers the State Pension and a range of working age, disability and ill health benefits to around 20 million claimants and customers. In 2022–23, DWP spent £109.6 billion on State Pension and £125.2 billion on all other benefit payments.

Benefit payments are susceptible to both deliberate fraud by organised crime groups and opportunistic individuals, and unintended error by claimants and DWP. The C&AG has qualified DWP's accounts every year since 1988–89 due to material levels of fraud and error in benefit expenditure. The C&AG qualified DWP's 2022–23 accounts for fraud and error in all benefits other than State Pension, which has relatively simple conditions of entitlement and a lower level of fraud and error.

Relevant reports

- NAO Report: DWP Annual Report and Accounts 2022-23 (HC 1455)
- NAO report: Report on Accounts
- PAC report: The Department for Work and Pensions Annual Report and Accounts 2022-23 – Session 2023-24 (HC 290)
- Treasury Minute: February 2024 (CP 1029)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1029 above), the remaining recommendations are updated below.

4. PAC conclusion: DWP and HMRC face a significant challenge in making back payments to people who have been underpaid State Pension due to missing Home Responsibilities Protection.

4a. PAC recommendation: DWP should work with HMRC within the next six months to set out a clear plan and timetable for correcting underpayments of State Pension relating to Home Responsibilities Protection and provide clarity on how any tax issues will be dealt with.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 In the Treasury Minute response of February 2024, the Department for Work and Pensions (the department) set out how any tax issues will be dealt with by HM Revenue and Customs (HMRC).

4.3 The department remains fully committed to providing updated details of its plans for correcting underpayments of State Pension relating to Home Responsibilities Protection and will do so in its 2023-24 Annual Report and Accounts.

5. PAC conclusion: DWP is not doing enough to assure itself or Parliament that it can rely on National Insurance records to pay State Pension accurately and that it will not find further historic underpayments.

5a. PAC recommendation: DWP should work with HMRC to provide assurance to the Committee within the next twelve months over the integrity of the National Insurance records and how they interact with DWP's benefit system.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2024

5.2 The department and HMRC are progressing joint activity to address the finalised joint Internal Audit Review being undertaken by the Government Internal Audit Agency (GIAA). The review has been completed and is currently in its implementation phase.

5.3 The department will set out to the Committee more detail of its assurance activity in its next Treasury Minute progress.

Fifth Report of Session 2023-24

Department for Environment, Food and Rural Affairs

Government's Programme of Waste Reforms

Introduction from the Committee

Government's 2018 Resources and Waste Strategy aims to establish a circular economy, where products are used again or for longer through reuse, repair, and recycling. It contained five strategic ambitions including doubling resource productivity and eliminating avoidable waste by 2050. In 2019, the need to decarbonise the waste sector became more significant due to the UK's commitment to 'net zero' greenhouse gas emissions by 2050.

As part of its work to deliver the strategy, the Department initiated three interrelated projects known as the collection and packaging reforms programme. The programme is intended to bring about major changes to how waste is paid for and collected. It includes:

- The extended producer responsibility for packaging scheme, which will require companies that produce packaging or sell packaged products in the UK to cover the full costs of collecting and sorting household packaging waste for recycling. The Department estimates these companies will pay around £1 billion (2020 present values, 2019 prices) a year. It plans to introduce variable fees, depending on the recyclability of the material used.
- The consistent collections project which will require local authorities, businesses and organisations such as schools and hospitals in England to collect food waste and dry recyclable materials (paper and card, metal, plastic and glass) separately where possible. Local authorities will also need to provide a separate garden waste collection for households. Since we took evidence in September 2023 the government has rebranded the project as 'simpler recycling'.
- The deposit return scheme in England, Wales, and Northern Ireland, which will place a redeemable deposit on all single-use plastic and metal drinks containers up to three litres in volume.

The Infrastructure and Projects Authority (IPA) conducted two interviews in June and September 2022 on the deliverability of the programme. The first review gave the programme a 'red' rating and concluded that successful delivery of the programme to time appeared to be unachievable. The second review noted the Department's progress in implementing recommendations but maintained a 'red' rating, as it did not have confidence the extended producer responsibility scheme (the first of the collection and packaging reform projects) could be delivered by its expected deadline in October 2024.

Relevant reports

- NAO Report: The Government's Resources and Waste Reforms for England:– Session 2022-23 (HC 1513)
- PAC Report: The Government's Programme of Waste Reforms:– Sessions 2023-24 (HC 333)
- Treasury Minute: February 2024 (CP 1029)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1029 above), the remaining recommendations are updated below.

1. PAC conclusion: There have been significant delays to the collection and packaging reforms, partly because the Department did not set the programme up well from the start.

1a. PAC recommendation: The department should write to the Committee after the Infrastructure and Projects Authority's next review of the Programme (due autumn 2023 when we took evidence), setting out how it will address any outstanding concerns that IPA raises.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The most recent Infrastructure and Projects Authority (IPA) review, in November 2023, assessed the programme as 'amber' and recognised the significant progress made in the design, delivery and capability of the programme overall. However, the review team were concerned about certain aspects of the programme that could be considered 'red', such as the operational readiness of the Deposit Return Scheme (DRS) and the packaging Extended Producer Responsibility (pEPR) timeline; and critical risks remain that require meticulous management attention to ensure the programme meets its time, cost, and quality objectives.

1.3 The programme has developed a detailed action plan to co-ordinate progress of the IPA recommendations that are being monitored through senior governance fora and expediated via regular daily calls where necessary. The Department for Environment, Food and Rural Affairs (the department) wrote to the Committee outlining the actions taken to address any outstanding concerns raised by the IPA review.

2. PAC conclusion: Businesses and local authorities still do not have the clarity they need from the Department to prepare for the changes that will be required, which risks increasing costs and delaying implementation.

2a. PAC recommendation: The Department should, as part of its Treasury minute response, set a firm date for when it will set out the fees obligated companies (namely, those that produce packaging or sell packaged goods) will pay under the extended producer responsibility for packaging scheme, when it will clarify the impact of these payments for local authority funding, and when it will publish the government response to its consultation on simpler recycling. This consultation response should include a clear timetable for the launch of simpler recycling.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 On 1 May, the department notified the World Trade Organisation of the pEPR statutory instrument. This provides clarity on timings, scope and detail of the scheme, subject to parliamentary scrutiny.

2.3 Obligated producers are already required to report packaging data and this will be subject to regulatory enforcement from 31 May 2024. This data is being used to calculate illustrative base fees, the first round of which will be published later this spring. Final base fees can only be calculated after the round of packaging data required by April 2025. Corresponding invoice for their first year's fees to be provided as soon after July 2025 as the Scheme Administrator has the processes in place to be able to do so.

2.4 Modelling is well advanced to calculate the payments that local authorities will receive for the first year of pEPR . The department expects to provide individual local authorities with an initial estimate of their payments for the first year of pEPR before the end of 2024.

2.5 On 21 October 2023, the department published the government response to the Simpler Recycling consultations. This laid out the materials in scope and the implementation dates. A further consultation response providing more detailed guidance on scheme requirements has now secured collective agreement and was published on 9 May 2024.

3. PAC conclusion: The Department is basing the design of the deposit return scheme on small trials and international experience, but a lack of like-for-like comparators may make it difficult to get the UK's scheme right.

3. PAC recommendation: Alongside its Treasury Minute response, the Department should write to the committee with an update on how it is drawing on international experience to inform the design and roll-out of the deposit return scheme. This should include commentary on what lessons there are from countries that have introduced deposit return schemes on top of kerbside collections.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

3.2 The department conducted a follow up visit to the Republic of Ireland in May to understand their progress since the deposit return scheme launched in February 2024. There is also a scheduled teach-in with Asahi on their international DRS learnings.

3.3 The department will write to the Committee in Summer 2024. This follows the publication of the joint policy statement on DRS, UK government statement on glass and UK Internal Market and notification of the draft secondary legislation. The letter will include specific examples of lessons learnt from international schemes.

4. PAC conclusion: While the Department recognises the importance of waste prevention and reuse, it is not clear what its plans are for meeting its target of doubling resource efficiency by 2050.

4. PAC recommendation: Within the next 12 months the Department should write to the Committee to explain:

- ***What measures it expects to introduce next (within the next five years) to encourage waste prevention and reuse; and what contribution it expects these measures to make to meeting its target of doubling resource efficiency by 2050.***
- ***Which measures it expects could make the biggest contribution overall to its target of doubling resource efficiency by 2050, and how long it expects it will need to prepare for and implement these changes.***

4.1 The government agrees with the Committee's recommendation.

Target Implementation date: early 2025

4.2 The department's agreement and response to recommendation 4 is on the basis that the above recommendation is amended to '...*meeting its ambition to double resource productivity*' as agreed with the Committee via email on 25 January.

4.3 In late 2024, the department will consult on several Maximising Resources, Minimising Waste (MRMW) textile waste policies that aim to increase the amount of unwanted textiles that are reused or recycled and reduce the amount that is disposed of in the residual waste stream.

4.4 Research, in collaboration with Department for Energy Security and Net Zero has been conducted on policies to improve resource efficiency in 11 sectors and now published - Unlocking Resource Efficiency. Further research is planned on the potential role of legislation related to warranties and guarantees.

4.5 Policies will be prioritised following completion of this research. The department will write to the Committee in early 2025 to set out its approach.

5. PAC conclusion: The Department has not yet set out the waste infrastructure capacity it expects will be needed in England to meet its ambitions, which makes it more difficult for the private sector to make informed investment decisions.

5a. PAC recommendation: We expect the Department to have published its planned waste infrastructure plan before its Treasury minute response, but if this does not happen it should explain why not, and update the Committee on when it expects this will be published.

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Summer 2024
Original target implementation date: April 2024

5.2 The department is finalising analysis to enable publication of the first part of the 'Waste Infrastructure Roadmap'. As noted previously, this will provide anticipated waste arisings to 2035, reflecting Defra's Collection and Packaging Reforms, and set out where there is considered to be a likely over- or under-provision of waste management capacity. The publication will not detail where or how investment should be made.

5.3 The department originally intended to publish this analysis in April 2024. The revised target implementation date is due to minor outstanding issues relating to data on organic waste and resource being reprioritised towards scoping a review of energy from waste capacity needs, following the recent direction to the Environment Agency to pause permitting for new incinerators.

5b. PAC recommendation: The Department should consult with key stakeholders after publication about whether this gives them sufficient clarity to make informed investment decisions and write to the Committee to explain how it will address any outstanding gaps this highlights.

5.6 The government agrees with the Committee's recommendation.

Target implementation date: September 2024

5.7 The department will engage with key stakeholders after publication and write to the Committee by September 2024.

6. PAC conclusion: The government does not yet have good enough data to manage the waste system effectively, which it needs to understand how waste is recycled and to ensure waste exports are legal.

6. PAC recommendation: The Department should set out it in its Treasury Minute what it sees as the priority data gaps and set ambitious timescales for filling the data gaps.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

6.2 The department's key performance metrics are publicly reported at least annually. The department is increasing the number of regular published resource and waste statistics and from this year it will be up to at least 11 publications. In April 2024 the department published its first release on Estimates of Residual Waste in England providing data on residual waste by material type. Later in 2024, the department intends to address key data gaps by publishing new statistics on:

- *Municipal recycling,* using a new definition of Municipal Waste, around July 2024.
- *Drivers of consumption-based carbon emissions, around* June 2024.

6.3 The department is now implementing its the Resources & Waste Strategy Evaluation Programme – this establishes critical survey data to monitor the effectiveness of policy delivery.

6.4 The department is also progressing mandatory digital waste tracking (per Government Response October 2023). The digital waste tracking service is becoming publicly available to users in phases – at the end of 2023 the first phase (green list waste exports) moved to private beta. The department is progressing legislation to mandate the use of digital waste tracking from April 2025.

6.5 The department is developing a *Resources & Waste Data Strategy.* This will include the identification of outstanding data gaps required to plan, delivery and monitor policy and its plan to tackle these. The department will update the committee on the key findings of this work in early 2025.

Sixth Report of Session 2023-24

Cabinet Office

Competition in public procurement

Introduction from the Committee

Government spent £259 billion on the procurement of goods and services in 2021–22. Of the total contract value of more than £100 billion awarded by major departments during 2021–22, around two-thirds were subject to competition in some form. Given this is a significant area of government spending, there is a genuine interest in ensuring government effectively uses competition to achieve value for money, public benefit, transparency, and probity. Illustrative scenarios included in the impact assessment for the Procurement Act suggest government could achieve savings of £4 billion to £7.7 billion per year through increased competition.

Departments and other public bodies are responsible for carrying out their own procurement exercises. The Cabinet Office, its central commercial teams within the Government Commercial Function, and its executive agency the Crown Commercial Service offer support publishing guidance, monitoring suppliers, offering advice, and running procurement frameworks for common goods and services.

The Crown Commercial Service is also responsible for providing some commercial services to the public sector, which includes running procurement frameworks. These frameworks are designed for procuring common goods and services and are intended to help departments access economies of scale and reduce administrative cost. Government departments and other public bodies are required to use open competition in their procurements, under the Public Contracts Regulations 2015 and related statutory instruments.

At the time we took evidence, Parliament was considering the Procurement Bill, which has now received Royal Assent to become the Procurement Act 2023 and will replace the current legislation. With the introduction of the Procurement Act, this is an opportunity to look at lessons learned from government's transformation programme in procurement from the last 12 years.

Relevant reports

- NAO report: Lessons learned: competition in public procurement – Session 2022-23 (HC 1664)
- PAC report: Competition in public procurement – Session 2023-24 (HC 385)
- Treasury Minute: February 2024 (CP 1029)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1029 above), the remaining recommendations are updated below.

1. PAC conclusion: Government is unable to evaluate competitive trends in markets or demonstrate that it is achieving value for money in public procurement, due to significant issues with the quality and completeness of data on contracts.

1. PAC recommendation: Within three months of the coming into force of the Procurement Act, the Cabinet Office should define how it will use data to evaluate competitive trends and set out clear directions and guidance for contracting authorities on:

- ***the collection and publication of data relating to all contracts, including any modifications to the contracts.***
- ***the requirements for timeliness of reporting information on the new contract database.***
- ***the collection of data to assess the outcomes achieved.***
- ***collecting data on supplier performance to inform future procurements.***

In order to enhance transparency, within the same timescale it should also provide a comprehensive report setting out a suite of measures designed to improve the publication of contract details, including in particular how the two contact databases (Contract Finder and Find a Tender) can be populated with complete and timely information.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

1.2 With reference to the letter to the Chair dated 15 April 2024, a range of new metrics (including contract values, contractual key performance indicators, number of bidders, types of organisation bidding, types of procedure used, value and type of contract modifications and extensions) will become visible and comparable following go-live of the new procurement regime in October 2024. These metrics will provide a picture of how competitive procurements are both at an individual contract level and for a whole category of spend. In addition, a new Procurement Review Unit in the Cabinet Office will be established which will be able to monitor contracting authorities' compliance with their transparency obligations.

1.3 The Cabinet Office is working with central government departments to identify what the reporting requirements should be in the context of the new procurement regime. This will be in place for departments ahead of go-live of the new procurement regime in October and will provide accurate and regular reporting against a number of metrics.

3. PAC conclusion: Framework agreements have become the most prevalent route for public authorities to buy common goods and services, but the Government Commercial Function has not provided sufficient guidance to address the potential risks to competitive benefits.

3. PAC recommendation: The Cabinet Office should issue guidance, for example a 'Framework Playbook', within six months to provide central guidance for government buyers on key policies about:

- ***The project delivery model assessment to be carried out by government buyers to inform recommendations on whether a department should or should not use a framework.***
- ***The effective management processes for frameworks.***
- ***The collection of appropriate data to assess whether the outcomes of the framework have been achieved.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

3.2 The Cabinet Office is continuing to work the Crown Commercial Service and other stakeholders to review current framework guidance and the standards that framework providers should meet, to ensure that frameworks put in place operate effectively in line with government guidance, policy and regulation. Cabinet Office is on track for meeting the target implementation date of Autumn 2024.

Treasury Minutes Progress Reports Archive

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

Publication Date	PAC Reports	Ref Number
May 2024	Session 2017-19: updates on 5 PAC reports Session 2019-21: updates on 1 PAC report Session 2021-22: updates on 10 PAC reports Session 2022-23: updates on 53 PAC reports Session 2023-24: updates on 6 PAC reports	CP 1102
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 855
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 3 PAC reports Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 28 PAC reports	CP 424
November 2020	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 PAC 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
July 2012	Session 2010-12: updates on 28 PAC reports	Cm 8387
January 2012	Session 2010-12: updates on 13 PAC reports	Cm 8271

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