Treasury Minutes Progress Report

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

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

This publication is a record of the Government's progress towards implementing the Committee of Public Accounts recommendations.

This is the 21st edition in the series of progress reports since Session 2010-12. Further details of earlier responses to the Committee's recommendations can be found under the 'relevant reports' heading in each report.

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

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3	Tackling equalities in life expectancy in areas with the worst health and deprivation
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50	Failure of the FiRe Control Project
51	Independent Parliamentary Standards Authority
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54	Protecting consumers: the system for enforcing consumer law

#	Report Title
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88	Managing the change in the defence workforce

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Reports completed

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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
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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
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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

#	Report Title
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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
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36	HM Revenue and Customs customer service
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40	London 2012 Olympic and Paralympic Games: post games review
41	Managing the expansion of the Academies Programme
42	Planning economic infrastructure
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44	Tax avoidance: the role of large accountancy firms

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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
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23	Progress in tackling tobacco smuggling
24	Rural Broadband Programme
25	Duchy of Cornwall
26	Progress in delivering the Thameslink Programme

#	Report Title
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

#	Report Title
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

#	Report Title
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

#	Report Title
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

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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

#	Report Title
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

#	Report Title
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

Reports completed

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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

	Report Title
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

	Report Title
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
67	Financial Sustainability of Police Forces
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

	Report Title
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
119	Serious and Organised crime

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 1102 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.

Recommendation implemented: January 2025

1.2 The Ministry of Defence (MOD) and Annington Property Limited (APL) have formally agreed that MOD will reacquire c36,000 service family estate homes sold to Annington in 1996. A Written Ministerial Statement was laid in Parliament on 17 December 2024, providing a full explanation of the agreement that has been made.

1.3 The agreed price of £6 billion represents value for money, with the market value of the estate - when not subject to leases - of £10.1 billion.

1.4 Eliminating the liabilities associated with the leases creates budgetary headroom to partially fund this purchase, meaning that the public expenditure impact of this measure, and the impact on public sector net debt, is confined to £1.7 billion. It also means the Department does not need to pay £230m per year in rent in future years.

1.5 By regaining ownership, MOD will now have the freedom to embark on a substantive programme of redevelopment and improvement, which will enhance recruitment and retention in the Armed Forces and, with it, national security.

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 As at February 2025, the void rate is 18.49%, or 8690 of the 46,994 SFA properties. This is a reduction of 0.87% since last reported to the Committee in September 2023[1] and is a result of disposals and increased occupancy of refurbished properties.

5.3 Having successfully re-acquired the estate from Annington in January 2025, the opportunity to set and reach an appropriate Management Margin will be considered through 2025. Reducing the void rate is likely to require revisiting to support the development of the estate.

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[1] Reported void rate in September 23 19.36%

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. However, 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". This policy sets out how 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 Minute Progress Report: November 2020 (CP 313)
- Treasury Minute Progress Report: May 2021 (CP 424)
- Treasury Minute Progress Report: November 2021 (CP 549)
- Treasury Minute Progress Report: June 2022 (CP 691)
- Treasury Minute Progress Report: December 2022 (CP 765)
- Treasury Minute Progress Report: June 2023 (CP 855)
- Treasury Minute Progress Report: December 2023 (CP 987)
- Treasury Minute Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: February 2025

2.2 The Home Office has written to the Committee in February 2025.

2.3 Operational delivery of new Atlas functionality into live service has continued. The delivery of government priorities, such as Illegal Migration Act, Ukraine Permission scheme, Sponsorship and eVisas means that resources, both in the development teams and in the test pipeline, need to be prioritised to this work, which has resulted in delivery of Atlas functionality for Immigration Platform Technologies being moved back.

2.4 All legacy data is now available to be read and worked in the new case-working system Atlas, including all Work in Progress cases.

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 Minute Progress Report: November 2020 (CP 313)
- Treasury Minute Progress Report: May 2021 (CP 424)
- Treasury Minute Progress Report: November 2021 (CP 549)
- Treasury Minute Progress Report: June 2022 (CP 691)
- Treasury Minute Progress Report: December 2022 (CP 765)
- Treasury Minute Progress Report: June 2023 (CP 855)
- Treasury Minute Progress Report: December 2023 (CP 987)
- Treasury Minute Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 1102 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 2025
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 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 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 issued a tender in March 2024 with the aim of having a supplier in place in May 2024. The department advised that it would agree timings with the successful supplier and write to the Committee if a revised target date were necessary.

3.4 Following a pause across the General Election period, a contract with the successful supplier was put in place in October 2024 and work on the evaluation is now underway. Results are expected in summer 2025 with the report to be published in autumn 2025.

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 2025
Original target implementation date: Autumn 2021

5.2 The department is undertaking a further evaluation (see response to Recommendation 3a above). This work is examining 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 evaluation is now underway and its current target date for publishing the final evaluation is Autumn 2025.

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

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Reports completed

#	Report Title
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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

#	Report Title
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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 1102 above), the remaining recommendations are updated below.

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: October 2025
Original target implementation date: end of 2023

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 the Ministry of Housing Communities and Local Government anticipate the first set of data standards to be mandated in July 2025. 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

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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

#	Report Title
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
29	National law enforcement data programme
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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the government response to the Committee

Following the government's last response to the Committee on this report: (CP 1102 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: to be advised
Original target implementation date: Winter 2022

4.2 Following the General Election and formation of the new government, the Secretary of State for Environment, Food and Rural Affairs asked the department to work with experts from industry, academia, civil society, and the civil service to develop a Circular Economy Strategy for England and a series of roadmaps detailing the interventions that the government will make on a sector-by-sector basis. To this end, the government announced the establishment of a Circular Economy Taskforce at the end of last year. This group will consider the evidence for action right across the economy and evaluate what further interventions may be needed in the batteries sector during the development of a Circular Economy Strategy. This will include consideration of a range of options on the reform of the batteries regime, including traction batteries for electric vehicles. Further details on the taskforce's proposals, including timescales, will be agreed as the work progresses, and the Committee will be kept informed of progress.

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 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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last progress update to the Committee on this report: (CP 1102 above), the remaining recommendations are updated below. The Department for Levelling Up, Housing and Communities has since been renamed as Ministry for Housing, Communities and Local Government.

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: Autumn 2026
Original target implementation date: October 2023

6.2 There have been a number of important developments in this area since the Committee made its recommendation in 2021 including a new government that announced on 3 January 2025 the establishment of an independent commission into adult social care as a critical first steps towards delivering a National Care Service. Additionally, the Competition and Markets Authority (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.

6.3 Moreover, the Care Quality Commission CQC is currently facing significant operational challenges as set out in Dr Penny Dash's full report into the operational effectiveness of CQC, published on 15th October 2024. Whilst the CQC has developed an approach to recovery to address the recommendations made in the report, there is a significant improvement journey ahead. Therefore, it is not the right time to consider implementation of this further change by March 2025.

6.4 The government is committed to making short-term progress on the pressing issues facing adult social care and will consider this recommendation alongside the findings of the first phase of Baroness Casey's Independent Commission, which will identify the biggest challenges in adult social care and recommend practical changes to improve people's lives over the next decade. These findings are due in 2026 and the target implementation date has been updated to reflect this.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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 recommendation: Government must set out its scenario planning and modelling for passenger volumes in 2022 and clarify how it will manage the increased pressures and any contingencies that may be required, including those relating to 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 2025
Original target implementation date: October 2022

1.2 Previous government responses covered scenario planning and modelling for passenger volumes in 2022, 2023 and 2024. The Department for Transport and Home Office analyst teams continue to model 2025 passenger volumes 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 and Medway Resilience Forum and Kent County Council to plan and mitigate potential delays at peak periods.

1.3 In October 2024, the EU Justice and Home Affairs Council published a legislative proposal postponing the planned November 2024 implementation and amending it to a six-month long phased approach with greater flexibility for Member States to reach full registration of passengers over the period. No new implementation date has been announced though we anticipate it to be in 2025 and have updated the implementation date accordingly.

1.4 The Home Office is the lead government department for EES, and is working closely with the 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 for the new phased implementation, which is continuing to progress. The government also continues to work closely with the French Ministry of Interior and engage 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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: October 2024

2.2 At Autumn Budget 2024, HMRC wrote to the Committee highlighting the publication of the Approach to Research and Development tax reliefs 2023-24 and the Corporate Tax Roadmap.

2.3 The Approach to Research and Development tax reliefs 2023-24 report provided an update on the shape and scale of error and fraud in R&D tax reliefs, the action taken to address this up to April 2024 and the impacts seen so far. Alongside this, the government is committed to continuing to tackle error and fraud in the reliefs and made further commitments in the Corporate Tax Roadmap. The Roadmap included further actions to continue to address non-compliance: exploring widening the use of advance clearances; proceeding with the recruitment of an R&D Expert Advisory Panel; and confirming the launch of an R&D Disclosure Facility on 31 December 2024

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), 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.

Recommendation implemented: December 2024

6.2 Following the recommendation, the initial actions have been delivered within the target implementation timeframe, 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 and the government continues to explore policies to increase demand for low carbon industrial products. A technical consultation will take place in 2025 which will discuss options for the Embodied Emissions Reporting Framework (EERF) alongside Product Classifications for Embodied Emissions (PCs, previously known as Voluntary Product Standards), initially focusing on steel and concrete. The consultation will look at how the EERF and PCs could provide a foundation for Green Procurement and Labelling policies, which would seek to further increase buyer engagement with the embodied emissions of products and facilitate decision-making on this basis. The government is also taking steps to understand and evaluate the possibility of Digital Product Passports.

6.4 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. The Defra-commissioned "LED 4 Food" project will develop a product level accounting standard for the agri-food sector that will inform eco-labelling policy. This is expected to be delivered by March 2026. The Secretary of State reaffirmed government's intention to rollout a Mandatory Water Efficiency Label in a speech on 5 September 2024, that will be laid in 2025

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 1102 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.

Recommendation implemented: November 2024

1.2 In Financial Year 2025-26, overall school funding is increasing by £2.3 billion compared to 2024-25. School funding will then total almost £63.9 billion. The Department for Education 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 for financial year 2023-24 on local authority and school expenditure is published on Gov.UK.

1.3 As part of its research on the impact of financial pressures (recommendation 3), the department has collected perspectives on financial health and explanatory factors from local authority-maintained schools, and academies, in different geographical areas. The department has now published this research and analysis at Schools' responses to financial pressures 2023 (November 2024).

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.

Recommendation implemented: November 2024

3.2 The department 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 have been representative. The department therefore extended the research to provide a fuller picture of schools' responses to cost pressures over a longer period when they had more information on their budgets. This included new fieldwork designed to test whether the prospective plans that were reported at that time were delivered or alternative action was taken. It also included 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 has now published the research and analysis on Schools' responses to financial pressures 2023 (November 2024).

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: May 2022 (CP 678)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 1102 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.

Recommendation implemented: November 2024

5.2 The Ministry of Justice published its qualitative study on the experiences of vulnerable individuals with legal problems, including several adults in the criminal jurisdiction, in September 2024: HMCTS Reform Evaluation: Vulnerability Study - GOV.UK.

5.3 The scoping phase for the evaluation of HM Courts & Tribunals Service's (HMCTS) Crime Reform is complete. An Invitation to Tender (ITT) for the evaluation, which aims to explore the impact of key crime reforms on different users including defendants, has been issued, and closed on 6 January 2025.

5.4 The department's 'Data First' programme continues to facilitate independent academic research to provide new insights for policymakers, including several research studies that explore ethnic disparities in court outcomes. This is strengthening the published evidence base on the experiences and outcomes of users from ethnic minority backgrounds. Data First will run until September 2025.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

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

6.2 This government is committed to returning to the NHS Constitutional standard that 92% of patients should wait no longer than 18 weeks from Referral to Treatment (RTT). An

Elective Reform Plan (Reforming elective care for patients) was published on 6 January 2025, which sets out the steps that need to be taken to deliver on the standard. In addition, the NHS Operational Planning Guidance for 2025-26 sets out the metrics which the government and the NHS expect to be delivered in the next year to make progress to that end.

6.3 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, with collective performance so far in 2024-25 remaining above this threshold.

6.4 Funding announced in the Autumn Budget will support the delivery of an additional two million operations, scans, and appointments per year and replace out-of-date radiotherapy equipment. This is a First Step to making progress towards ensuring patients can be treated within 18 weeks and will support recovery of the cancer standards.

6.5 The next phase of the Spending Review will conclude in late Spring 2025 and will set budgets for 2026-27 onwards. The government will set out detail on spending plans and expected performance, including plans to make further progress towards the 18-week standard.

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)
- Letter accompanying the Treasury Minute: July 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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 1102 above) the remaining recommendations are updated below by the Ministry for Housing, Communities and Local Government, formerly known as the Department for Levelling Up, Housing and Communities.

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.

Revised target implementation date: Autumn 2025
Original target implementation date: Summer 2026

1.2. The department wrote to the Committee in July 2022 alongside the Treasury Minute.

1.3 The government will support renters to understand their rights and responsibilities by publishing straightforward, easy-to-understand guidance and delivering an overarching communications campaign to raise awareness.

1.4 The Ministry of Housing, Communities & Local Government (the department) is working with content designers to draft guidance on the reforms that will come into effect once the Renters' Rights Bill is enacted. The guidance will be user researched and tested with stakeholders in advance of Royal Assent, at which point it will go live on the government website to inform all affected parties, including renters (and organisations that support them), of their new rights and responsibilities. The Ministry of Justice is also funding a panel of specialist legal advisors and providing £1.5 million in grant funding for the recruitment of trainee solicitors to support the Housing Loss Prevention Advice Service (HLPAS). 'Free-on-the-day' legal help will continue to be available when a tenant is facing the loss of their home at a possession hearing in the county court.

1.5 Alongside work on guidance, the department is continuing to engage closely with stakeholders in advance of implementation of its legislative reforms. This includes working with tenant groups, partner organisations and local authorities to ensure the message to renters is disseminated as widely as possible, including to those from hard-to-reach groups. The department is also developing a communication strategy to promote awareness of the new rights and responsibilities the reforms will introduce, and how affected parties can exercise/comply with them.

1.6 In October 2024, Ministers signalled during Second Reading of the Renters' Rights Bill their provisional preference for the Housing Ombudsman Service to be the scheme administrator of a new Private Rented Sector (PRS) Landlord Ombudsman Service, although no final decision has been made. The department has begun work to explore what the operations of the service could look like. The department is leveraging in-house digital expertise to develop the service in a user-centred way and is working in partnership with local government and experts from the Housing Ombudsman Service to co-design the service.

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 2025
Original target implementation date: Spring 2023

5.2 Independent researchers were commissioned by the department under the previous administration to deliver a scoping study formulating a monitoring and evaluation plan for private rented sector reform. The data collection framework developed during the scoping study was based on the previous administration's Renters (Reform) Bill. This work was almost complete at the time of the Election. The Renters' Rights Bill (the Bill) was introduced to Parliament in September 2024 and having passed its Commons stages is progressing through the House of Lords. The scoping work will be updated to reflect additional measures, such as preventing rental bidding and limiting rent in advance, after Royal Assent to provide the basis for the monitoring and evaluation. This includes updating the data framework, identifying the data needed, along with any gaps and the data collection plan to ensure effective monitoring of all of the reforms. This will deepen the department's understanding of problems in the sector, assess the impact from the programme of reform and help make any changes necessary to achieve the reforms' intended outcomes. This work will be finalised shortly after Royal Assent.

5.3 The department is continuing to work with local government to design a proportionate data collection framework which supports oversight of the Private Rented Sector. The department will continue to refine and publish the data it collects about the private rented sector to improve and share its understanding of the problems tenants face and the experience of landlords. The 2023-2024 English Housing Survey headline reports on demographics and household resilience and housing quality and energy efficiency have been published. The English Private Landlord Survey 2024 was published in December 2024. Future surveys will be developed to support the collection of data, alongside other relevant data sources, to monitor and evaluate PRS reforms.

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
2	Lessons from IR35 reforms
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
13	Secure training centres and secure schools
14	Investigation into the British Steel Pension Scheme
15	The police uplift programme
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
25	Regulation of energy suppliers
26	DWP accounts 2021-22 – fraud and error in the benefits system
27	Evaluation innovation projects in children's social care
28	Improving AO assessment process
30	Developing workforce skills for a strong economy
34	The Creation of the UK Infrastructure Bank
37	Support for vulnerable adolescents
39	Excess Votes 2021-22
40	COVID employment support schemes

#	Report Title
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
48	MOD Equipment Plan 2022-2032
50	Government shared services
52	Restoration and Renewal of the Palace of Westminster – 2023 Recall
58	Energy Bills Support
61	Progress on the courts and tribunals reform programme
66	PPE Medpro: Awarding contracts during the pandemic
73	Access to urgent and emergency care

Fourth Report of Session 2022-23

HM Treasury and Department for Science, Innovation and Technology

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 1102 above), the remaining recommendation is updated below by the Department for Science, Innovation and Technology (DSIT) who took over this area of responsibility as part of the Machinery of Government change announced on 24 July 2024.

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 Government Digital Service is leading a programme of reform to unlock the value of public sector data.

4.3 The majority of commitments in Mission 3 of the National Data Strategy (NDS) and Mission 3 of the 2022-25 Roadmap for Digital and Data, are either fully achieved or will be delivered through ongoing programmes of work. Significant progress has been made to enable government-held data to be fit for purpose, trusted and available via interoperable architecture.

4.4 Since the last report, a successful trial has been completed to create a common framework to identify government's Essential Shared Data Assets (ESDAs), and associated Data Ownership Model, with 191 ESDAs identified so far. The Data Standards Authority, in collaboration with public sector teams, has established common data standards to enhance data sharing and interoperability.

4.5 As of January 2025, there were 429 Information Sharing Agreements (ISA) on the Register of Information sharing under the Digital Economy Act 2017 (DEA); an increase of 75 since March 2024.

4.6 The Data Quality Framework was updated and tested with early adopter departments to define Data Quality Action Plans for their ESDAs, providing a cross-government framework to support ongoing work to address data quality issues in our most valuable data assets.

4.7 On the legislative front, support was provided for the introduction of the Data Use and Access Bill into the House of Lords, focusing on 'smart data' schemes, intra-government data sharing to support businesses and digital verification services.

4.8 The Algorithmic Transparency Recording Standard (ATRS) is now mandatory for government departments, requiring them to publish information about the algorithmic tools they use and why they are using them. This includes information about the data used to train and operate the models underpinning such tools. Dozens of ATRS records have now been published on GOV.UK, with more to follow, setting a new standard for ethics, transparency, and trust.

4.9 The Data Marketplace service was developed and is now available across government in private beta to enable discovery and sharing of ESDAs. It will form a key component of the National Data Library, which will offer simple, secure and ethical access to public sector data assets to businesses, researchers, and public sector organisations.

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: end March 2025
Original target Implementation date: Summer 2023

5.2 The Evaluation Registry has been rolled-out to all central government departments, Arm’s Length Bodies, Public Bodies and What Works Centres. Use of the site by central government departments became mandatory from 2 April 2024.

5.3 The Registry will be launched to the public for view-only access by end of March 2025. This date was delayed due to constraints on specialist resources and the requirement for additional work to ensure the site is fully prepared for its public launch.

5.4 The site is being improved based on user feedback and will be ready for public launch by end of March 2025.

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: 10 November 2022
- Correspondence to the PAC: 14 November 2022
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Correspondence to the PAC: 16 March 2023
- Treasury Minutes Progress Report: June 2023 (CP 855)
- Treasury Minutes Progress Report: December 2023 (CP 987)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: December 2024

8.2 The department has a multi-year plan to bring forward publication of the Annual Report by at least one month each year. However, as the Committee is aware, there are ongoing challenges in the local private sector audit market which continue to impact delivery of NHS audits. The local audit landscape has changed since before the pandemic, when the department routinely achieved pre-recess laying. Audit firm capacity is a concern, and this, coupled with the increasingly demanding regulatory environment for audit firms and rigorous auditing standards, continues to pose challenges to achieving pre-recess publication of the ARA. The Comptroller and Auditor General (C&AG) rightly highlighted these challenges in his commentary on the department's 2023-24 ARA.

8.3 Significant progress was made in 2023-24 compared to 2022-23, with substantially fewer NHS providers and Integrated Care Boards missing the audit deadline. This enabled the NHS England accounts to be certified by the C&AG on 7 October 2024, three months earlier than in the prior year, with the Consolidated Provider Account certified on 22 November 2024, two months earlier than the prior year. The Departmental group ARA was certified by the C&AG on 13 December 2024, six weeks earlier than the prior year equivalent.

8.4 The department is committed to further bringing forward the publication of its ARA as far as possible and is actively engaging with key stakeholders to support this, including working with NHSE and the Financial Reporting Council on its NHS local audit market study, and with the Ministry of Housing, Communities and Local Government on local audit reforms.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: March 2025

1.2 The government recognises that more can be done to effectively communicate air quality information to the public and has conducted a comprehensive review of its Air Quality Information System. The review was guided by a multi-disciplinary steering group of key specialists and representatives, which have proposed a series of actionable and evidence-based recommendations. In December 2024, the Minister for Water and Flooding convened a roundtable of experts, the health community and campaigners, which focussed on taking forward these recommendations. The final report and accompanying evidence were published in March 2025.

1.3 The government has completed the UK-AIR review and released an initial version of the new Air Quality Webservices for the public. UK-AIR is undergoing interim updates as the new services are fully developed. Transitioning to the new services will fulfil government obligations (e.g. issue high air pollution alerts, publish near real-time monitoring and statutory compliance outputs), meet user needs and accessibility standards, while providing long-term cost savings and efficiencies.

1.4 National Highways publishes an annual report which provides the latest summary of the Strategic Road Network's NO_2 exceedances and an update on the progress of measures being implemented to improve air quality on these road links. The latest figures from the Annual Evaluation Report 2023 were published as part of National Highways' Annual Reports and Accounts 2024 in July 2024. National Highways engages with local authorities and MPs in areas where measures are taken to bring forward compliance, roads with no viable measures are continuously monitored and data made public.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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 In October 2024 DESNZ published research conducted by Energy Saving Trust which looks at how various approaches to emissions monitoring and reporting can drive decarbonisation outcomes, completing the first stage of this work.

5.5 The department has also committed to consult before developing and publishing the final guidance and is currently drafting this consultation.

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, setting new emissions targets for central government and arms-length bodies. HM Treasury is also 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 address the climate-related risks and opportunities associated with climate change and the transition to net zero. Through the Financial Reporting Advisory Board, HM Treasury is working with other relevant authorities to drive consistency in reporting across the UK public sector.

5.8 In the 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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 1102 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.

Recommendation implemented November 2024

4.2 The Department for Environment, Food & Rural Affairs has continued to work with HM Treasury to agree the scope of investment at Weybridge. Following detailed assurance over Summer 2024, the Government's Major Projects Review Group recommended to Ministers approval of the preferred scope of investment as set out in the Programme Business Case for Weybridge.

4.3 In October 2024, the Chancellor's budget confirmed funding for the Weybridge redevelopment in 2025-26, allowing progress to be made on the next stages of the Weybridge programme. Work is underway in the next phase: Planning Consent has been secured, RIBA Design Stage 3 is underway, as is procurement of main contractors for the Science Hub. Site enabling projects continue to be delivered. In common with all Government Major Programmes, funding for 2026-27 and subsequent years will be addressed in the second phase of the Spending Review later in Spring 2025. As is required for all Major Programmes of this type, the department will submit a Full Business Case for the main Science Hub projects later in 2026, ahead of construction beginning in 2027.

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.

Recommendation implemented: Summer 2024

5.2 The cost estimate has been updated following concept design and was included in the Programme Business Case (PBC2) approved by Major Projects Review Group. Programme costs have matured significantly following considerable work on the design and planning for delivery of the new science hubs. Costs are expressed as a range within the modelling in the business case, with the central cost estimate at £2.8 billion over 15 years (2021-22 to 2036-37), including VAT.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 1102 above), the remaining recommendations are updated below by the Ministry for Housing, Communities and Local Government, formerly known as the Department for Levelling Up, Housing and Communities.

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.

Recommendation implemented: July 2024

1.2 The Ministry for Housing, Communities and Local Government confirmed new delivery targets in July 2024.

1.3 In October 2024 the government announced an immediate one-year cash injection of £500 million to top up the 2021-26 Affordable Homes Programme to deliver an additional 5,000 new social and affordable homes. In February 2025 the government made a further £300 million increase in the Affordable Homes Programme's budget to deliver up to 2,800 new homes, with more than half of these being social rent homes.

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 The Affordable Homes Programme allocates funding to Registered Providers of Social Housing across the country to deliver new affordable homes. This includes local authorities, who can bid to Homes England or the GLA for funding from the Programme to deliver homes in their local areas.

2.3 This government recognises the importance of determining local need, and the department recently set out a revised National Planning Policy Framework in December 2024 with updated housing targets which took this into account.

2.4 This government has committed to set out details of future investment in affordable housing to succeed the 21-26 Programme at the Spending Review. The department will continue to work with local authorities as it considers options for future investment.

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 has committed to set out details of the investment to succeed the Affordable Homes Programme at the Spending Review 2025. In doing so, the government is continuing to progress work on the analysis and options for implementing this recommendation and will consider these issues to 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 The government is now progressing work on the analysis and options for implementing this recommendation and is committed to set out details of the investment to succeed the Affordable Homes Programme at the Spending Review 2025, which will include a particular focus on delivering homes for Social Rent.

5.3 The programme requires strategic partners to set out the average Standard Assessment Procedure (SAP) rating for their new build homes as well as wider plans for ensuring their stock reaches net zero by 2050.

5.4 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.

5.5 In the coming months, the government will bring forward further reforms designed to drive up standards across social housing including consulting on a new Minimum Energy Efficiency Standard and Decent Homes Standards.

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: Spring 2025
Original target implementation date: Spring 2024

6.2 Following the publication of the programme's revised targets in July 2024, the government will begin publishing annual reports. The target implementation date has been revised to reflect the ambition to publish the first annual report in Spring 2025.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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: March 2025
Original target implementation date: Spring 2024

1.2 In the last progress report of May 2024, the department advised that the new off-the-shelf technology solution was undergoing user acceptance testing and rectification for meeting mandatory accessibility standards with a forecast for the next phase to start beyond September 2024.

1.3 As set out in the letter to the Committee dated 29 January 2025, unresolvable issues with the technologies were discovered in the user acceptance phase. This has necessitated a substantial move away from the planned environment, while maintaining delivery towards a new property database.

1.4 This technology reset, alongside the transition of the database, has a clear roadmap and is on track for completion by the end of March 2025.

1.5 Departmental progress on completion of the estate data towards the completion of the asset register, ensuring compliance against the Government Property Data Standard, continues to progress as planned.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: February 2025

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. This information is publicly available on 360Giving GrantNav. 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. Since 2022 up to the end of December 2024, Sport England has invested more than £601 million into 135 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. The details of this are set out in the Sport England Annual Report and Accounts 2023-24 which will be published very shortly. This information explains how investments are being targeted at deprived and less active communities.

5.4 The publication of the Sport England Annual Report and Accounts was delayed from the previous target date of October 2024 because of a technical issue raised by the National Audit Office upon their review.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendation is updated below.

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 involves the regular release of new and improved digital services to help customers manage their tax affairs online and via the HMRC app.

6.3 Since 2022 the department has implemented new services for Child Benefit, National Insurance, and personal tax customers. This ensures Single Customer Account improvements are focussed on where the largest number of taxpayers need the most support.

6.4 The Single Customer Account delivery remains on course to be completed by June 2025. This includes:

- new features so taxpayers can manage more of their Pay As You Earn income, allowances, benefits, and deductions digitally;
- improved digital services to help customers manage their Self Assessment returns or appeals online;
- an improved account for individuals with new features to help them understand their tax obligations;
- new text, email, and push notifications to reassure customers about their tax affairs and reduce the need to contact HMRC by telephone.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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 As outlined in the previous Minute, the nature of this funding was adjusted. In summer 2023, the government allocated c.£250 million of the original £500 million funding to deliver improvements to workforce capacity. This was within the £570 million MSIF-Workforce fund .

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 plans to spend the remaining £250 million on workforce reforms over the next 2 years.

3.4 Some progress had been made under the previous government. In addition to the MSIF funding, the Programme funded a volunteering pilot, one year of a scheme to support social work bursaries in local authorities, two years of funding to support vulnerable people who had been recruited internationally into social care and subsequently displaced, the development of the level 2 care certificate qualification and the development and early adopter testing of the care workforce pathway. It also continues to fund the Learning and Development Support Scheme. This represents a total spend of £68 million over the lifetime of the Programme.

3.5 Following the 2024 Election, the government made the difficult decision to suspend spending on programmes that had been launched but not delivered. This included the majority of the remainder of the workforce reforms and this was announced in a Written Ministerial Statement.

3.6 The government subsequently launched the Adult Social Care Learning and Development Support Scheme (LDSS). This allows eligible employers to claim for funding for certain training courses and qualifications on behalf of eligible care staff.

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: Autumn 2025
Original target implementation date: 2023

5.2 The government agrees with the committee's recommendation but not the conclusion.

5.3 Since the last Treasury Minute progress report, there has been a change in government followed by a single year Spending Review.

5.4 The new government has stated its commitment to publish an updated Capital Strategy, as noted in the accompanying letter to the Chair.

5.5 Phase 2 of the upcoming Spending Review 2025 will confirm capital budgets for health and social care from 2025-26 – 2029-30. The updated capital strategy will need to include clear funding assumptions in order to provide health and social care systems with greater certainty to deliver on the government's goals. Any strategy will need to take into account the government's 10 year national infrastructure strategy as announced by the Chief Secretary to the Treasury in October 2024.

5.6 As noted in the accompanying letter to the Chair, the Capital Strategy is now due to be published in Autumn 2025 after conclusion and publication of the 10 Year Plan and following the funding settlement provided at the upcoming Spring Budget. This will ensure the strategy is informed and flows from the outcomes of the Spending Review and aligns with the key vision and ambitions of the wider 10 Year Health Plan.

5.7 The strategy will undergo internal and wider cross-government review before publication in Autumn 2025.

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.

5.8 The government agrees with the Committee's recommendation.

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

5.9 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.

5.10 As the Chancellor announced in the budget, there will be five-year capital budgets across all government departments, which will be updated every two years. Moving to longer-term, rolling programmes of capital investment, alongside the publication of ICS Infrastructure Strategies, will enable local systems to plan capital investments with greater certainty.

5.11 The implementation date of this recommendation has been updated to reflect the revised date for publication of the Capital Strategy, as outlined in the accompanying letter to the Chair.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102), the remaining recommendations are 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.

Recommendation closed.
Original target implementation date: April 2023

6.2 The government agrees with the Committee's recommendation but deems it closed.

6.3 The strategy update was to be published in 2023 aligning with the Defence Command Paper refresh and revised Defence Plan; however, publication was not achieved before the General Election was called. This government has commissioned very significant initiatives that will reset Defence's strategic focus and ambition and transform the way in which Defence decides, directs, and delivers. There is also ongoing review and adjustment of the resource envelope through the Strategic Defence Review (SDR), Defence Reform transformation, and the Spending Review. Defence still plans to develop a refreshed digital strategy fully aligned with the Strategic Defence Review, Defence Reform, and Spending Review. It will be underpinned by an implementation plan with associated metrics that meets the intent of the Committee's recommendation, but it will no longer be appropriate to take forward an updated strategy and refreshed 2023 plan. The department will submit a letter to the Committee Chair to set out its reasoning in more detail.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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 2022 Elective Recovery Plan (Delivery plan for tackling the COVID-19 backlog of elective care) were agreed between the previous government and the NHS. These assumptions did not include industrial action, which has had a significant impact on NHS services, with over 1.5 million hospital appointments having to be rescheduled since December 2022. That was why one of this government's first actions was to resolve the ongoing dispute with resident doctors and begin to rebuild the relationship with the profession. This was a crucial part of government's mission to cut waiting lists and build an NHS fit for the future.

2.3 The government is committed to returning to the NHS Constitutional standard that 92% of patients should wait no longer than 18 weeks from Referral to Treatment (RTT). Funding announced in the Autumn Budget 2024 will support the delivery of an additional two million operations, scans, and appointments a year as a First Step to achieving this. The Elective Reform Plan (Reforming elective care for patients) published on 6th January 2025, sets out the steps needed to deliver the reforms necessary to achieve this as productively and effectively as possible. The plan focuses on reform in four areas: empowering patients, reforming delivery, delivering care in the right place, and aligning funding, performance oversight and delivery standards. In addition, the NHS Operational Planning Guidance for 2025-26, published on 30th January 2025, sets out the metrics which the government and the NHS expect to be delivered in the next year to make progress to that end.

2.4 Waits of more than 52 weeks stood at 221,889 at the end of November 2024, which is down 49% from the post pandemic peak of 436,127 in March 2021.

2.5 The revised 62-day backlog target to reduce the number of people waiting more than 62 days for treatment to 7% of the waiting list and to a total of 18,755 by 31 March 2024 was achieved. The backlog stood at 14,916 for week ending 31 March 2024. The latest published figures, show that the 62-day backlog for week 01 December 2024 stands at 16,104 – this has fallen 53% since its peak in the pandemic.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 1102 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.

Recommendation implemented: December 2024

5.2 Following the NAO recommendation for greater transparency around performance of supply chain partners, the Department for Work and Pensions (the department) has now fully implemented this recommendation. The department is compiling and sharing quarterly Management Information (MI) with the 12 Restart Scheme prime providers illustrating performance across the 77 supply chain partners. The department has asked the prime providers for periodic feedback on the usefulness of this product and this will be an agenda item at future Restart Scheme provider forums / best practice events.

5.3 The continued expectation is that performance improvements identified and evidenced as successful will be considered by all prime providers and disseminated through their supply chains. 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.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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 Home Office delivered Phase 1 of the Stop! Think Fraud campaign which impacted a positive shift in public behaviours, with people increasingly able to identify potentially fraudulent activity and take appropriate proactive action.

2.3 The next phase of the campaign is running throughout March 2025 and includes advice from the National Cyber Security Centre on how individuals and small business can protect themselves from fraud by improving their online security.

2.4 Activity will focus on two key audiences and behaviours:

- Helping individuals recognise fraudulent approaches and break contact – covering high-volume fraud types including bank, delivery, tickets, holiday, family and online shopping fraud; and
- Encouraging sole traders and micro-businesses to turn on 2-step verification.

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 2025
Original target implementation date: Spring 2024

3.2 Since the last update to the Committee, a phased introduction of the new service is now underway and will continue throughout 2025.

3.3 The first phase of the new service went live in November 2024 and was the introduction of a new crime and intelligence management system. The new platform will result in fundamental new service improvements across three key areas:

- How intelligence is collated and gathered from multiple sources.
- Speed up analysis of reports, matched against intelligence and sent to police forces for investigation.
- Result in faster intelligence-based alerts and campaigns to warn the public.
- Facilitate the police to take forward additional outcomes in the stop and block, and prevent space through alerts going to industry to take down enabling asserts such as bank accounts websites, phones, selling sites etc.

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 Progress is on track to have a total of c.500 officers in post for the National Fraud Squad (NFS) by Spring 2025. The NFS is transforming the law enforcement response by taking a proactive, intelligence-led approach to identifying and disrupting the most serious fraudsters, domestically and overseas, jointly with government and industry. This will crucially reduce the burden on police by disrupting fraud upstream, so that victims do not experience fraud in the first place.

4.3 The department 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. CoLP continue to push for the prioritisation of fraud within police forces and influence leadership within local forces to increase their dedicated resource towards the fraud threat.

4.4 This work will be supported by the forthcoming inclusion of fraud in His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Police Efficiency Effectiveness and Legitimacy (PEEL) framework. This will bring greater consistency and co-ordination to the police response to fraud and provide valuable insight on the progress made since HMICFRS's last thematic inspection of fraud in 2019. CoLP are working closely with HMICFRS to implement fraud within the PEEL inspection process by seconding members of staff and will be involved in the design and delivery of this key strategic move going forward.

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 department 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. For part 1, the Review assessed the operation of the criminal disclosure regime, as set out in the Criminal Procedure and Investigations Act 1996. There was a focus on disclosure application for crime types with a large volume of digital material. The Review also evaluated the Attorney General's Guidelines on Disclosure. The Report 'Disclosure in the Digital Age', including findings and recommendations, was formally submitted to the government in November 2024 and will be published in 2025.

5.3 The Economic Crime and Corporate Transparency Act (ECCTA) 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. These amendments will help banks, the public sector and businesses know the real people acting for and benefiting from companies. The timeline for these changes to come into effect is published on GOV.UK:

5.4 Following recommendations by the Law Commission, ECCTA 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. Following extensive informal consultation with stakeholders from across the economy, the guidance was published in November 2024. The offence will come into effect on 1 September 2025.

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 This government committed in its manifesto to introduce an expanded Fraud Strategy covering the threats that society faces from this crime, and we are actively working with stakeholders, including law enforcement and industry, on the development of this strategy. Details of the government's approach to tackling fraud will be set out in due course.

6.3 Whilst that is underway, the Minister for Fraud, through the Joint Fraud Taskforce, continues to hold companies to account for delivery against their previous charter commitments. This includes the Online Fraud Charter, which sought to raise best practice across key online platforms and services.

6.4 Building on the success of other charters, the Insurance Fraud Charter was published in October 2024 to identify loopholes in the insurance market, enhance collaboration and criminal justice outcomes, better understand the scale of the problem and improve victim support. We have also begun negotiations with the Telecommunications sector on a second charter, building on the progress made in the first charter, which will be launched in Spring 2025. The Home Office will be monitoring progress made on these charters through the Joint Fraud Taskforce.

6.5 Collaboration is vital to a whole-system response to fraud. However, the government recognises that incentives are important. The government has sought to legislate to further incentivise companies to tackle fraud, including through the Online Safety Act.

6.6 The Online Safety Act which received Royal Assent in November 2023 requires social media platforms and search services to do more to tackle illegal harms originating on their platforms. The Act grants Ofcom the power to levy significant fines (up to the greater of £18 million or 10% of global turnover) if in scope companies fail to 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. In December 2024 Ofcom published their Statement on the Illegal Harms Codes of Practice. This was laid in Parliament in December and is due to come into force shortly.

6.7 The government will monitor progress and remains ready to explore further options to ensure the public and businesses are protected from fraud.

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.

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

7.2 To strengthen international collaboration on fraud, the UK hosted the inaugural Global Fraud Summit in London in March 2024, the first of its kind. 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 (UNODC). The key output was a communique which set out an agreed framework to tackle fraud.

7.3 In October 2024, the first ever UN Resolution on Fraud was passed at the 12th Conference of Parties to the UN Convention on Transnational Organized Crime. This marked a significant advancement in the global fight against fraud and the UK played a leading role in supporting these efforts.

7.4 The UK has worked with INTERPOL to fund their 'Global Financial Fraud Threat Assessment', the most comprehensive evaluation of the global fraud threat. The UK also provided funding for an Issue Paper on Organised Fraud, which further strengthens the global understanding of this crime.

7.5 The UK is working to build political will to prioritise the development of a greater fraud response priority countries, for example securing agreement to sign a memorandum of understanding with Nigeria in Spring 2025.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), an update is provided in respect of the remaining recommendation 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.

Revised implementation date: 2025
Original implementation date: 2024

3.2 HM Treasury and HM Revenue & Customs wrote to the committee on 7 February 2025 to provide an update on the implementation date for this recommendation which is subject to progress on the international negotiations.

3.3 The Committee will be notified upon confirmation of the date for the implementation of this recommendation.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendations are updated below.

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.

Recommendation implemented: June 2024

2.2 HMRC's specialist analysis function has completed an initial estimation model based on an extensive literature review of the available evidence, published information and insight from within HMRC. Given the scarcity of quantitative estimates discovered, the analytical team is now extending the scope to increase confidence in their modelling approach through additional consultation. Further reporting of this analysis will be provided in HMRC's response to recommendation 4b from the PAC's report on [HMRC Performance 2022-23]. As HMRC indicated in its September 2024 [letter to the Committee,] it intends to provide its conclusions to the Committee this spring.

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.

Recommendation implemented: June 2024

5.2 HMRC has robust processes in place to record yield from its compliance activity, which is assured through an annual review of the quality of its compliance casework – the Tax Settlement Assurance Programme (TSAP). Where this identifies measurement issues on cases tested these are corrected.

5.3 HMRC have now implemented changes to this programme to improve the quality of measurement assurance. These changes are also designed to allow extrapolation from the cases reviewed to the implications for overall annual estimate of compliance yield.

5.4 Once finalised, HMRC will consider publication of the levels of statistical error in compliance yield.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102), the remaining recommendations are updated below.

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:

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

Revised target implementation date: March 2025
Original target implementation date: September 2024

6.2 During the three-year period (2022-23 to 2024-25), Defra invested £312 million on modernising its legacy systems, updating 151 applications making them more resilient and secure, closing a legacy data centre and making many upgrades to its core infrastructure.

6.3 Defra's legacy technology is still considerable including legacy datacentres and hundreds of applications that are out of supplier support.

6.4 In response, Defra has been allocated a further £107 million to continue remediating its legacy estate in 2025-26. Further investment is subject to the outcome of the Spending Review 2025. Defra also plan to exit three more legacy data centres and move business critical to the cloud, a more secure, resilient environment.

6.5 Defra will write to the Committee by 31 March 2025.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendation is updated below.

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.

Recommendation implemented: November 2024

6.2 The, Civil Service Chief Operating Officer & Cabinet Office Permanent Secretary, wrote to the Chair of the Committee on 5 November 2024 regarding this recommendation and seeking closure. With the support of the Infrastructure and Projects Authority, the United

Kingdom Security Vetting (UKSV) has reset its approach to transformation focussing on a portfolio of incremental change improvements. There are three core workstreams:

- Rationalising Policy and Process - Delivery of standardisation and centralisation across all products. This will create a uniform risk appetite, create further process efficiencies within UKSV and further simplify transfer of cleared personnel. We expect to see the standardised Counter Terrorist Checks (CTC) policy, endorsed by the Government Security Board by March 2025, and CTC decisions taken by UKSV by December 2025. Security Check (SC) and Developed Vetting (DV) will follow drawing on the lessons from CTC.
- Enhancing Digital and Cyber Security - Migration of the NSVS platform to the cloud from existing, on premises configuration by July 2025. This will enhance the reliability of the current service as well as bringing the Disaster Recovery capability in line with industry practice. Additional work is being undertaken to enhance the protections around UKSV's data archive.
- Increasing Assurance - The current priorities are pilots on interrogating the Police National Database, (a lesson from the Angiolini Inquiry); and digitising the Annual Security Appraisal Form (ASAF). The department is aiming to review the pilot results in April 2025 and introduce the new ASAF in Summer 2025.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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 is a government priority, including continued additional investment into the drug and alcohol treatment system.

4.3 Although unmet treatment need is high (Alcohol Dependence Prevalence in England);(National Drug treatment Monitoring System), the number of people in alcohol treatment has steadily increased. There was a 23% increase in the number of people in treatment for alcohol only and for alcohol and non-opiates between March 2022 and March 2024. Local authorities are on trajectory to meet their planned increase in numbers in alcohol treatment for 2024-25, which are expected to be the highest since records began in 2010.

4.4 Joining up care, leads to better outcomes for people. The department is working with NHS England to ensure people with drug and alcohol dependence can access the right mental health treatment. The 10 Year Health Plan will set out a long-term vision for health to deliver an NHS fit for the future and work is underway on what good joined-up care should look like for people living with long-term conditions.

4.5 The department worked with external experts to develop the UK clinical guidelines on alcohol treatment to support and improve treatment quality. The guidelines were published for consultation in September 2023. Publication of the final guidelines was delayed due to the high number of consultation responses. The guidelines are now being prepared for publication. The department has developed an implementation plan to promote the guidelines within the treatment and recovery system.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 1102 above), the remaining recommendations are updated below.

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.

Recommendation implemented: August 2024

3.2 The Department for Education used data on school participation, as well as information from Regional Delivery Partners, to determine which schools were not engaging with the programme throughout the academic year 2023-24. It targeted these schools directly during the academic year 2023-24, by phone and email, to offer personalised support to help them overcome any barriers they were facing. Final statistics for the programme, published in December 2024, showed that the department's approach had been effective, with over 6.1 million courses delivered to pupils over the lifetime of the programme and 59.4% of schools participating in the academic year 2023-24.

3.3 The department's National Tutoring Programme Evaluation and Reflections research project, which was being delivered by the National Foundation for Educational Research, has surveyed and interviewed schools that have never engaged with the programme. The department published the final report from this research in September 2024.

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.

Recommendation implemented: December 2024

4.2 The department monitored the volume of tutoring being delivered through its termly school census and year-end reporting exercise, throughout the lifetime of the programme.

4.3 The department encourages schools to continue to provide tutoring, including through the use of the pupil premium and has published guidance to support this. The department is collecting data on whether pupils are in receipt of tutoring through the school census in 2024-25.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: November 2024

1.2 The Department for Business and Trade (DBT) has completed and begun implementing measures to effectively monitor and evaluate its impact. This has originated mostly from the monitoring and evaluation framework for the Investment Transformation Programme (ITP), which is in its final stages, and has played a role in improving DBT operations and attempting to measure its influence on foreign investment into the UK. DBT will report on the full ITP related work in due course. Work is also now underway to understand why businesses who intended, but decided not, to invest.

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.

Revised target implementation date: March 2025
Original 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.

2.3 Unfortunately, the department has encountered delays in securing data to fully test the assumptions to deliver the desired insights so the agreed target implementation date of June 2024 to respond to the Committee's recommendation has been delayed. 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.

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.

Recommendation implemented: November 2024

4.2 The department continues to improve its understanding and measurement of performance in supporting investment that contributes to regional and place-based growth 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 A first phase of internal analysis has been developed to map relative subnational strengths in attracting and retaining foreign investment to aid DBT's investment policy and promotion activities, including its understanding of investment need. Collaboration with the Ministry of Housing, Communities and Local Government is ongoing as DBT continues to develop the analysis, including aligning approaches on the Levelling Up White Paper metrics where possible.

4.4 DBT has worked with the Productivity Institute to identify a type of Foreign Direct Investment, coined 'transformational FDI' that looks to improve productivity, leverage domestic investment and support regional growth. This work has been published by the Productivity Institute and is shaping internal thinking on how the department lands more, and better, regional investment. DBT has also published its Industrial strategy green paper that places a strong emphasis on place, as well as key sectors, we will look to expand this in June 2025.

4.5 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.

4.6 This work will support a more nuanced understanding of the targeting of our support in line with the government's place-based growth objectives and help us target promotion to specific areas in the most effective way.

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.

Recommendation implemented: December 2024

6.2 As noted in the last update, DBT's Office for Investment (OfI) 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 interim ways of working.

6.3 In October 2024, the government announced a bolstered Office for Investment. This enhanced OfI will become a joint HM Treasury/No10/DBT agency, with senior sponsorship from the Chancellor as well as the Prime Minister and the Secretary of State for Business and Trade. This will be formalised through a new board with tripartite membership from HM Treasury, DBT, and No10, chaired by the new Minister for Investment who will drive investment across government. The board had its inaugural meeting in November 2024.

6.4 The department's 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.

6.5 In addition, as part of the Industrial Strategy Green Paper that was launched in October 2024, DBT has undertaken a full public consultation to identify barriers to growth and issues businesses are facing.

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: April 2025
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 and working to improve the UK business environment to attract and land high-value, high impact, investment across the UK.

7.3 The enhanced OfI, as described in recommendation 6, will bring together existing capability from across government, especially in DBT investment teams and the overseas network. The enhanced OfI will be the front door for investors into government, with the ability to originate and execute major deals, develop commercially attractive investment propositions in partnership with local political leaders, market the UK to investors around the world, and coordinate investment activity across departments in line with the Industrial Strategy being developed.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 1102 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.

Revised target implementation date: August 2025
Original target implementation date: Autumn 2024

3.2 The Department for Work and Pensions wrote to the Committee on 12 December 2024 explaining that the progress on this recommendation was paused due to the General Election.

3.3 The department remains committed to providing the Committee with an update once the Cabinet Office has considered how they would like departments to scope and schedule a new series of independent reviews for public bodies.

3.4 The target implementation date has been amended to take account of this.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: December 2024

1.2 This recommendation was implemented later than the previous target of June 2024 because of the General Election and consequent shift in focus from a 2035 to a 2030 target, with a plan being developed to that new structure.

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

1.4 In December 2024, the Department for Energy Security and Net Zero published the Clean Power 2030 Action Plan. This followed the announcement following the July 2024

General Election that while the previous government's target was a decarbonised power sector by 2035, subject to security of supply, this government's target is Clean Power by 2030.

1.5 The Action Plan sets out potential pathways with ranges of new deployment for each generation and storage technology that are required to achieve Clean Power by 2030, along with the policies and programmes being deployed to enable them. The department considers that this is the integrated, coherent delivery plan required by the recommendation.

1.6 Looking to 2035 and beyond, the Strategic Spatial Energy Plan was officially commissioned from the National Energy System Operator in October 2024. This will create a strategy for a future-proofed energy system, designating areas for long-term energy assets. The first iteration, to be published before the end of 2026, will be focused on electricity generation and storage, with an aim to later expand to the full energy system. The approach to Clean Power by 2030 will form the baseline for the Strategic Spatial Energy Plan, and it will focus on 2030-2050, helping to unlock investment, reduce delays and foster a more efficient electricity system design.

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.

Recommendation implemented: December 2024

3.2 The department recognises the importance of giving clarity to the private sector to encourage investment and continues to provide clarity by working closely with individual sectors.

3.3 The Clean Power 2030 Action Plan is upfront about the critical role of the private sector in the energy transition and the barriers to investment that developers currently face, especially in less developed areas such as hydrogen. It provides the private sector with a much greater degree of clarity than previously available about how much of each type of generation and storage technology needs to be built in the next five years and sets out the action the government will take to enable the investment required.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendation is updated below by the Ministry for Housing, Communities and Local Government formerly known as Department for Levelling Up, Housing and Communities.

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.

Recommendation implemented: July 2024

1.2 In July 2024 the new government set out proposals, supported by all key local audit organisations, to set a statutory backstop of 13 December 2024 to help clear the backlog, as well as further backstops to enable the system to recover. These proposals were implemented in Autumn 2024 via amendments to the Accounts and Audit Regulations 2015 and the Comptroller and Auditor General's new Code of Audit Practice.

1.3 Following the December 2024 backstop, approximately 95% of bodies have published audited accounts for all years up-to-and-including financial year 2022-23. The next backstop, for financial year 2023-24, is 28 February 2025.

1.4 In line with expectations, the first backstop resulted in around 200 bodies (approximately 45%) publishing one or more audited accounts with a disclaimer of opinion due to the backstop. 233 bodies (approximately 50%) have published unmodified opinions for all years up-to-and-including financial year 2022-23.

1.5 Where a body's accounts are disclaimed, auditors will rebuild assurance over subsequent years. The body is likely to receive further disclaimed opinions. It is the aspiration of the government and system partners that further disclaimed opinions driven by backstop dates, should, in most cases, be limited to financial years 2023-24 and 2024-25.

1.6 In December 2024 the government published a strategy for overhauling the local audit system in England. The strategy is a comprehensive overhaul which includes setting out the purpose of local audit, commits to the establishment of a new body (the Local Audit Office), proposes more simplified and proportionate financial reporting, improvements to capacity and capability (including consultation on the development of public provision to supplement private market capacity) and to build stronger relationships particularly between local bodies and auditors.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendation is updated below.

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 Comptroller & Auditor General (C&AG) gave a clean audit opinion on the group accounts for the year ended 31 March 2024, with the only qualifications being legacy limitations of scope regarding the UK Health Security Agency (UKHSA) and consumables inventory.

5.3 The 2023-24 group Annual Report and Accounts (ARA) was certified on 13 December 2024, six weeks earlier than the prior year equivalent. The department has a multi-year plan aiming to bring the timetable forward by at least one month per year and is targeting a laying date of November 2025 for the 2024-25 group ARA.

5.4 The department is committed to bringing forward the publication date of the ARA as far as possible, with an ambition to return to pre-recess laying for the 2026-27 ARA. However, ongoing capacity issues in the local audit market are the main risk to pre-recess laying. Prior to the pandemic, the department was routinely able to achieve pre-recess laying, but this required local audits to be completed by the end of May. Regulatory requirements on auditors have become more rigorous in recent years and do not now support completion of local audits to a May deadline. Consequently, there is at present insufficient time to prepare and audit the group ARA in advance of recess. The C&AG rightly highlighted these challenges in his commentary on the department's 2023-24 ARA.

5.5 The department remains actively engaged with stakeholders to support earlier publication, including working with NHS England and the Financial Reporting Council on its NHS local audit market study, and with the Ministry of Housing, Communities and Local Government on local audit reforms.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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 Progress is being made on developing affordable plans for the Euston station campus, which will comprise the new HS2 station, an upgraded Network Rail station and enhancements to the London Underground station and local transport facilities along with development. The Department for Transport has commissioned the Euston Partnership (TEP) to coordinate, working with interested parties, the development of an affordable station layout that includes all required transport facilities and commercial and residential development.

1.3 The new, smaller HS2 station will consist of 6 platforms, which can support up to 10 HS2 trains per hour. The department is considering options for future proofing of the station that would make provision for additional platforms to accommodate additional services in the future.

1.4 The department has also made significant progress on the development of options for delivery of the stations and for private financing options for the HS2 station. The proposed new delivery model will simplify delivery arrangements, providing a single guiding mind with a focus on realising the benefits of the Euston Programme. The department is working with His Majesty's Treasury on private finance approaches.

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 The department is working with key partners to develop affordable, integrated plans for the Euston station campus, which will comprise the new HS2 station, an upgraded Network Rail station and enhancements to the London Underground station and local transport facilities along with development. In parallel, the department is developing new delivery and private finance arrangements for the Euston programme.

2.3 The Euston programme will seek to deliver benefits far beyond a new, improved station, promoting growth both in the Euston area and nationally with thousands of new homes, jobs and opportunities for businesses to thrive.

2.4 The HS2 station, redevelopment of the Network Rail station and enhancements to London Underground will be funded through a combination of public funds, development receipts, potential private finance and potential local contributions, such as tax increment finance. The government will set out more detail in due course including planned timescales for construction.

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 On 20 October 2024, the department announced some of the immediate actions it is taking to capture and apply learning to the delivery of HS2 Phase 1, including:

- commissioning a review of the governance and assurance of the department’s major transport projects, independently led by senior infrastructure delivery adviser James Stewart; and
- implementing a series of HS2 interventions to strengthen the oversight of the programme and better control costs.

6.3 James Stewart’s review has made recommendations drawing primarily on experience from HS2 to support bringing costs and delivery of HS2 Phase 1 under control, as well as informing improvements to the delivery of future major transport projects. The department, in collaboration with HS2 Ltd, is considering these recommendations alongside other learning, such as from the Infrastructure and Projects Authority’s Project Assurance Review of HS2 Phase 1 and Euston. This forms part of the coordinated effort to deliver the remaining work as cost effectively as possible, including setting a realistic budget and schedule.

6.4 The department is working to identify alternative proposals for Euston HS2 station that are more affordable and leverage learning from past projects. In doing so, the department has sought to learn from prior affordability challenges with a key focus on delivering only what is fundamentally required at the station. This work is ongoing, and details on the revised design and delivery approach – including those which will leverage private sector capabilities – will be set out in due course.

6.5 To ensure integration of works, considerations for the development of an affordable HS2 Euston station include exploring the option of a new delivery company to oversee the station site and the potential for a development corporation over the wider Euston area.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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: May 2025
Original target implementation date: June 2024

1.2 The Independent Assurance Panel (IAP) has worked with the programme since 2015, producing reports, which include technical reviews of the User Services and Mobile Services procurements, and a value for money assessment of Airwave versus Emergency Services Network (ESN). It is tasked by, and reports directly to, the Home Office Finance and Investment Committee (InvestCo), on behalf of the Permanent Secretary. The target date for this recommendation has been revised to align with completion of the solution design.

1.3 The department remains focused on the delivery of ESN and has commissioned an overview of progress from the Independent Assurance Panel (IAP) on specific topics and issues, following appointment of the User Services supplier in December 2024.

1.4 The last IAP review in early September 2024 supported the Programme Business Case and it's procurements, and recommended an overall amber rating. The IPA report was endorsed by the Cabinet Office, Major Projects Review Group (MPRG) on 26 September 2024, followed by HM Treasury approval in November 2024. Approvals allowed the Mobile and User Services contracts to be signed and mobilisation with our partners to commence from 16 December 2024.

1.5 Our assessment is that the technical deliverables required for the start of mass transition are 65% complete, despite Motorola's exit. Although remedies agreed with the Permanent Secretary are underway, the programme could not deliver ESN and enable a safe shutdown of Airwave by the end of 2026 as per the 2021 Full Business Case. The updated Programme Business Case (PBC) reflects our new position for Airwave shutdown of 31 December 2029, Cabinet Office Infrastructure and Projects Authority have approved an improved status to amber, which was supported by MPRG on 26 September 2024.

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: September 2025
Original target implementation date: December 2023

3.2 The programme has delivered its Programme Business Case (PBC), the Mobile Services and User Services contract awards and successfully mobilised with its partners from 16 December 2024. The Senior Responsible Owner (SRO) and Programme Director (PD) have been conscious of previous lessons learned and ensured these have been incorporated into the work. As a result, the programme has allowed additional time to ensure that the bidders and the authority could devote the time necessary to carry out the dialogue sessions required. Ultimately this approach has led to some delay, but the SRO and PD are confident that critical agreements have been reached, the optimum solution has been selected, and the outcomes required have been successfully delivered.

3.3 A delivery POAP (plan on a page) supported by a draft detailed Integrated Programme Plan was drafted, which incorporated, as far as was possible, 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 Emergency Services Mobile Communications Programme (ESMCP) control plan.

3.4 The delivery POAP is the overarching strategic plan and was incorporated into the PBC when it was finalised in August 2024. It contains the main building blocks for the delivery of ESN; dependencies, sequencing of development and the steps required to prepare for mass transition, includes elapsed time contingency, all the elements of prototyping, testing (including real-world testing) and the activities leading to user transition and Airwave shutdown.

3.5 The programme continues to work collaboratively with users to understand their requirements for testing, acceptance and the duration of all phases that affect them, such as formal 'service acceptance' and transition from Airwave. Users have been centrally involved in dialogue with suppliers to ensure they understand their requirements.

3.6 In September 2024 the programme returned to the Major Projects Review Group (MPRG) where the PBC, the procurements and its plan were endorsed, prior to HM Treasury approval on 14 November 2024. Approvals allowed awards for the Mobile and User Services contracts to be completed and mobilisation to commence from 16 December 2024. The POAP will be updated with final milestones dates on agreement of the Integrated Programme Plan in March 2025.

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: May 2025
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 target date for this recommendation has been revised to align with completion of the solution design.

4.3 Findings from the IAP review carried out in May 2024, were submitted to the Cabinet Office Infrastructure Projects Authority (IPA), Project Assurance Review (PAR) in June 2024. The IAP's recommendations and those of the IPA, were taken forward as part of the programme's governance and plans prior to successful passage through Home Office Investment Committee (InvestCo) in August 2024 and the Major Projects Review Group (MPRG) in September 2024.

4.4 During this period the Home Office has extensively strengthened the programme team, through: recruitment of a new Programme Manager, Deputy Programme Manager, Delivery Director, and Deputy Delivery leads, appointed a Chief Information Security Officer (CISO), brought in external security and telco specialists as well as setting out clear key personnel requirements in User Services and Mobile Services contracts. A new Technical Delivery partner (CGI) was appointed in April 2024 with 5 defined work packages across the programme bringing expertise, knowledge, and process experience.

4.5 The programme has also completed resourcing of the Programme Management Office (PMO) team and is seeking additional skills for planning and dependency management as well as specific support from the new Technical Delivery Partner to provide immediate critical expertise in key positions, while full-time civil servants are 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.

Recommendation Implemented: December 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 have defined the high-level Target Operating Model (TOM) for all ESN functions inclusive of live services.

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 Emergency Services Mobile Communications Programme (ESMCP) has allowed us to set out the detailed Service Integrator responsibilities, which includes the Mobile Services supplier and will require further evolutions of the TOM.

5.4 Following contract award on 16 December 2024 the User Services supplier has taken 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 is working with users and suppliers to develop the definition and implementation of the overall TOM commencing with the High-Level Design, enabled through the Senior Users, the 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.

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.

Recommendation implemented: December 2024

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 The Competition and Markets Authority (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, signed in November 2024, continues to be executed on an open book basis and includes several 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 use a 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
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendations are updated below.

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.

Recommendation implemented: January 2025

3.2 As outlined in previous Treasury Minutes and letters to the Committee, NHS England will continue to undertake delivery assurance within the new operating model to oversee

Integrated Care Boards (ICB) and Trusts. Planning guidance also sets out priority targets for Mental Health performance for ICSs and providers.

3.3 All ICBs are required to include a statement of the amount and proportion of expenditure incurred in relation to mental health in their annual report, increasing ICBs' public accountability on mental health investment. NHSE will continue to assure ICB spending plans and actual spend.

3.4 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), and Operational Planning Guidance for 2025-26 was published on 30 January 2025.

3.5 NHS England continues to work closely with the wider mental health system to drive expansion and transformation of services and offer support via the NHSE operating model.

3.6 Future mental health priorities, including transformation, and improvement, will be agreed via the government's upcoming spending reviews and 10-Year Plan. All agreed priorities will have costed service models to ensure plans are sustainable and deliverable. Agreed priorities will be included in NHS planning guidance to inform system plans, monitoring the delivery of these priorities via the NHS Oversight Framework.

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 Major Conditions Strategy will not be proceeding. However, the government agrees with the wider context of the Committee's recommendation.

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

6.2 In a recent letter to the Chair of the Committee, DHSC confirmed that the Major Conditions Strategy will not be proceeding and will instead explore how findings can be incorporated in the 10 Year Plan. The 10 Year Plan will set out a path for delivering three mission shifts:

- hospital to community,
- analogue to digital, and
- sickness to prevention.

DHSC can confirm that one of the working groups supporting the development of the 10 Year Health Plan has been asked to develop a vision for how the NHS can evolve to provide responsive, joined-up care to better support individuals with complex health needs who may require frequent, ongoing engagement with the NHS. The group will consider what improved care would look like for both individuals living with a single or multiple long-term conditions including, for example, mental health conditions, as well as individuals with multiple complex needs.

6.3 Starting with the patient perspective, the department has asked this group to consider what people of all ages want and need from services across the NHS to manage their condition(s) on an ongoing basis, and what the care offer should look and feel like in practice so that NHS can empower patients, enhance their self-management capabilities and promote independence through a holistic, person-centred and responsive service.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: September 2024

5.2 HMRC has engaged with Child Trust Fund providers to ensure that data is returned in a timely fashion and is accurate. This has allowed HMRC to include Child Trust Fund statistics data for two additional years in the Annual savings statistics 2024 published on the 19 September 2024. The statistics provide a range of data on Child Trust Funds, including the amount matured and claimed, up to 5 April 2024.

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 will consider Child Trust Funds as part of its next evaluation prioritisation cycle, in Spring 2025. The criteria used to prioritise evaluation activities are set out in HMRC's published Evaluation Framework.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendation is updated below.

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.

Recommendation implemented: October 2024

5.2 The Department for Business and Trade wrote to the Committee in October 2024 following publication of the report to set out what it concluded from the evaluation.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

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.

Recommendation implemented: September 2024

3.2 Following the first Workforce and Performance Review (WPR) - which provides a comprehensive review of departmental fraud risk, resourcing and outcomes - the Public Sector Fraud Authority (PSFA) undertook a second WPR in 2023-24.

3.3 The analysis from the Review has supported the PSFA and participating organisations to understand where the skills, capacity and gaps are to improve how we counter fraud. In addition, the government has taken action to help departments better understand risk, doubling the number of qualified fraud risk assessors in public bodies to 200.

3.4 The PSFA has been engaging with the Committee to share key updates from the completed 2023-24 WPR and to confirm its continued review of organisations where mismatches were identified on resourcing levels through a separate process. This work will conclude in March 2025 ahead of a report being published in Summer 2025.

3.5 The PSFA continues to encourage the setting of departmental financial counter fraud targets to increase the focus on outcomes and the impact we are having on the levels of fraud and error in the system. Targets for 2023-24 covered 85% of total counter fraud investment and, if achieved, would deliver higher financial outcomes than the baseline (2022-23 reported data) for those departments outside of tax and welfare. The PSFA will provide the figures in the next Fraud Landscape Report.

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.

Recommendation implemented: June 2024

5.2 A priority for the PSFA is transparency and clear communications to highlight the government's efforts to counter fraud. The PSFA leads the Cross Government Counter Fraud Communications Working Group - which 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.

5.3 The PSFA has worked with communications teams across a number of departments and arm's-length bodies (including, but not limited to, His Majesty's Revenue and Customs, the Department of Work and Pensions, the Serious Fraud Office and the Insolvency Service) to develop a new high level strategic direction in cross-government public sector fraud communications.

5.4 This new direction was set out in June 2024 via a new terms of reference for the re-established cross government working group. The Departments and arm's-length bodies have agreed to coordinate, align, and amplify communications plans, campaigns and announcements. This includes amplifying content relating to deterrence such as arrest of fraudsters, convictions etc.

5.5 Stemming from this coordination was a cross-government approach to International Fraud Awareness Week, where a communications strategy was developed resulting in a toolkit created for use by all public bodies to ensure a more coherent voice from government on fraud during the awareness week. Including external and internal communications resources, the toolkit was downloaded for use in communications by individuals working in public bodies over 7000 times.

5.6 The group also agreed to collectively share research, insight, and evaluation materials ensuring greater value for money in communications research. The group reports to the Home Office and National Crime Agency who lead on fraud against the individual communications ("Stop! Think Fraud") and the Fraud Director of Comms steering group, aligning and collaborating where possible.

Seventieth Report of Session 2022-23

Department for Science, Innovation and Technology

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendations are updated below by the Department for Science, Innovation and Technology (the department), who took over this area of responsibility as part of the Machinery of Government change announced on 24 July 2024. The new digital centre of government sits within the department and is comprised of CDDO, AI Incubator, Government Digital Service (GDS) and teams from the department, all under the name of Government Digital Service (GDS).

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 GDS worked with departments to agree and finalise the standard for Single Service Owners (SSOs). The role provides visibility and accountability for end-to-end delivery including cost and performance across digital, operations and policy elements of the service. The standard was shared with all departments and GDS worked to drive adoption across the top 75 services, so they would then act as pathfinders for wider adoption across government. So far, 45 of the top 75 services report having adopted an SSO, up from 37 since the last Treasury Minute update to the Committee in May 2024.

1.3 A blueprint for modern digital government, published in January 2025, sets out that GDS will now close the top 75 programme in favour of a focus on catalysing deeper end-to-end service transformation. This will include taking forward the work to embed the SSO approach more broadly across government services.

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.

1.4 The government agrees with the Committee's recommendation.

Target implementation date: June 2025

1.5 Twenty-nine services now meet the 'great' service standard compared to eight at the baseline in March 2023. The 'great' framework includes a 'Cost Per Transaction' metric, requiring an understanding of the total cost of running the service.

1.6 GDS worked with all top 75 services, including service owners, to understand transformation opportunities, associated benefits and return on investment, and a cross-government service transformation community has been established, with teams sharing best practice and learnings. This will be built on with a service health (performance) dashboard prototype and pilot.

1.7 In addition, the digital and data continuous improvement assessment framework published in 2023 and updated in July 2024 includes guidance on the tasks of service owners. It notes that services should be managed by an accountable service owner managing the end-to-end service. They should define and collect performance metrics, taking account of guidance set in the cross-government performance framework, and targets for performance of the service should be established and managed.

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 GDS published a major update to the Digital and technology spend controls policy in February 2024, with improved effectiveness and efficiency of the control in providing evaluation and assurance of digital programmes. As part of this, GDS launched 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 GDS 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 launch of the Legacy IT Risk Assessment Framework in 2023, GDS worked with departments across government to onboard assets on a legacy IT risk register. Of those identified, 72 fall into the highest risk category ('red-rated'). Of these, 51 have a fully-funded remediation plan in place. GDS is now working closely with departments and HM Treasury through the Spending Review to ensure that the costs and benefits of legacy remediation are accurately captured and put forward as part of departmental submissions.

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 GDS wrote to the committee to outline and agree the approach and timescale to implementing this recommendation by the end of 2024.

3.3 This work has been delayed by the changes in focus and direction after the General Election. Resources were redirected to the priorities of the new government, resulting in the State of digital government review and A blueprint for modern digital government, being published in January 2025. Our target date for implementation is June 2025.

3b. PAC recommendation: All Departments should appoint at least one non-executive director with relevant digital, data and technology transformation expertise to their Board.

3.4 The government agrees with the Committee's recommendation.

Target implementation date: December 2025

3.5 At the last progress update in May 2024, all Digital and Data Board member departments, with the exception of HM Treasury and Defra, had a Non-Executive Director (NED) with digital expertise.

3.6 These NEDs are brought together as a cross-departmental community through the Digital and Data Steering Group (DDSG), and support the digital agenda by providing effective challenge in their departments and to align on strategic priorities.

3.7 Records of NEDs across departments are still being updated following the General Election. As part of this, GDS will be working to ensure a NED with digital expertise is in place in each department by December 2025 at the latest.

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**.**

Recommendation implemented: January 2025

4.2 The previous government set a target that at least 6% of the overall workforce of the Civil Service would be members of the Government Digital and Data profession by June 2025.

4.3 Substantial progress has been made towards the 6% target and 5.5% of the Civil Service workforce are now members of the Government Digital and Data profession, and work to reach the target is ongoing.

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.

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

Target implementation date: December 2025

4.5 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.

4.6 The State of digital government review, published in January 2025, provides a comprehensive view of the state of digital across the public sector, including on skills and capability.

4.7 It found that the public sector is dependent on external resources for core skills, relying heavily on third parties to augment digital and data teams. Of the £26 billion public sector digital and data spend in 2023, less than 20% was on permanent public sector staff while more than half was spent on contractors, managed services providers, and IT consultants.

4.8 A blueprint for modern digital government sets out a range of proposals to address this by elevating digital leadership, investing in the Government Digital and Data profession, being more competitive for talent, and raising the digital skills baseline for all public servants.

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.

Recommendation implemented: February 2024

6.2 GDS worked with departments to produce the first progress report in February 2024 and the next update was due to be shared with Parliament in September 2024 after the Parliamentary recess. Following the General Election, resources were redirected to focus on the priorities of the new government.

6.3 The Secretary of State for Science, Innovation and Technology, wrote to the Committee in January 2025 setting out new plans and priorities, including the State of digital government review and A blueprint for modern digital government, published in January 2025.

6.4 The blueprint contains the long-term vision for digital public services, a six-point plan for reform, and sets out the role of the new digital centre of government.

6.5 As such, the government will no longer be reporting on the previous government's 2022-25 roadmap. A closure report, as referenced in the letter from the Secretary of State for Science, Innovation and Technology to the Committee in January 2025, has been provided to the Committee.

6.6 The Secretary of State noted the importance of transparency and that he is looking forward to working closely with the Committee on developing a new roadmap and on monitoring and reporting progress against it.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: December 2024

1.2 The Infrastructure and Projects Authority (IPA) published new guidance on resetting major programmes in December 2024, following the General Election and subsequent appointment of the Committee's membership. This provides a common definition for project and programme resets across government and helps departments to identify when a reset is needed and how to manage the process. It also sets out the roles and responsibilities of those overseeing the project or programme when it is reset, including the senior responsible owner (SRO) and Accounting Officer.

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.

Recommendation implemented: December 2024

4.2 The IPA's new guidance on resetting major projects and programmes sets out a clear structure that can be followed when undertaking a reset. This will help project delivery professionals to plan out the reset in advance, allowing sufficient time to undertake resets properly. This guidance has been developed in collaboration with HM Treasury and other government departments.

4.3 The IPA's 'Response to Red' process also provides a structured route to escalate underperforming projects and programmes that may need to be reset. The IPA published updated guidance on the 'Response to Red' process on the Government Project Delivery Hub in May 2024.

4.4 From 1 April 2025, the functions of the IPA and the National Infrastructure Commission will be brought together under the National Infrastructure and Service Transformation Authority (NISTA). NISTA will be established as a joint unit of HM Treasury and the Cabinet Office, with the Chief Secretary to the Treasury as the lead minister.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: January 2025

2.2 Following an extensive scoping and design process, the department has commenced a cross-cutting interim evaluation of the programme. This evaluation will focus on several themes including domestic consumer impacts and wider individual and social benefits, as well as system-level impacts of the roll out on networks and flexibility.

2.3 This programme-wide evaluation is being carried out between January 2025 and Summer 2026, with a full synthesis and detailed evaluation report due to be published on completion.

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.

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.***

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

Target implementation date: January 2026

5.2 The department continues to take steps to facilitate and support industry party awareness and planning associated with the transition to 4G services including:

- As part of a regular programme of industry engagement, the department held its most recent round of bilateral meetings in September 2024 with Great Britain's eight largest energy suppliers. The suppliers updated the department on their 4G deployment plans, including their readiness for testing, as well as their indicative/emerging plans for 4G transition for the period to 2033.
- Following approval from the relevant parties, the Data Communications Company went live with its 4G services and began the Initial Pallet Validation stage (IPV) – a key milestone in validating the end-to-end operation of 4G Communications Hubs. This involves energy suppliers installing up to nine thousand 4G Communication Hubs in homes in the central and south regions of Great Britain to demonstrate their effective deployment and operation in a live environment. The success of IPV will inform a decision this spring to commence the volume manufacture and supply of 4G Communications Hubs from mid-2025.
- The timely availability of 4G Communications Hubs at scale will mark the beginning of the 4G roll-out.

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**.**

Recommendation implemented: November 2024

6.2 The department placed its Costs and Benefits report in the House of Commons Library in November 2024, providing updated analysis of the costs and benefits of the rollout to the end of 2023 using data and evidence from a range of sources, including energy suppliers.

6.3 The analysis shows that meters installed to the end of 2023 are expected to deliver a total Net Present Value (NPV) of £1.8 billion (made up of £11.8 billion costs and £13.6 billion benefits associated with these meters) by end 2034. This shows that the smart meters installed to date already demonstrate a positive business case, with higher benefits than costs. The expectation is that this will continue to increase as more meters are installed in homes and businesses across Great Britain.

6.4 The department is committed to providing updated analysis to Parliament of the costs and benefits of the rollout on an annual basis.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendations are updated below.

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.

Recommendation implemented: October 2024

3.2 The Department for Energy, Security and Net Zero wrote to the Committee in October 2024, responding to the recommendation and setting out the findings from two lessons learned exercises conducted to date on Special Administration Regime initiation and SAR operations. These findings not only highlight the importance and efficacy of the work but also how the department continues to ensure the successful recovery of taxpayer funding.

3.3 As highlighted previously the department will be identifying further lessons learned on the mergers and acquisitions process and on the SAR exit process at the appropriate juncture, the outputs will inform the department's overall SAR evaluation work at the end of the SAR period and detail how the department has ensured the successful recovery of taxpayer funding.

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 has kept the Committee informed by providing interim updates throughout 2024. Most recently, the department wrote to the committee in October 2024 to provide an update on the latest financial situation including how much has been paid by Octopus.

3.7 As of 31 December 2024 there was an outstanding debt to the department of £144 million (which includes interest accrued in October through December.) Bulb's special administrators forecast that the government will recover 100 per cent of its principal funding and interest by the end of the SAR period – leaving a shortfall (outstanding debt) of zero. The department will update the Committee on the remaining financial outturns by December 2025.

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.

Recommendation implemented: Autumn 2024

5.2 The Government Corporate Finance Profession (GCFP) has made good progress through the year to help raise the awareness of the specialist skills that are available across the government in a supplier failure scenario and similar situations, through the use of its external network. The GCFP are in the process of delivering a number of external seminars that range across topics such as corporate distress and signs of failure, restructuring and insolvency 101, special administration regimes (SAR) and standards of lending in special situations. These are being delivered by firms such as PwC, Teneo, Natwest, RSM and will be delivered by May 2025. Sessions held to date have received overwhelmingly positive feedback and the GCFP will seek to expand on these topics for more sessions in the near term.

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.

Revised target implementation date: April 2025
Original target implementation date: November 2024

6.2 The next version of Managing Public Money, now due to be published in April 2025, will include expanded guidance for Accounting Officers on the factors they should take into account when making decisions about the use of hedging or forward purchasing by organisations which have been brought into the public sector. The proposed new wording was shared with the Committee in February 2025.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: August 2024

1.2 Active Travel England (ATE) has reviewed its key functions including an independent review of its statutory consultee function. Lessons learned from this, and wider engagement with stakeholders has informed ATE’s response to the Spending Review for 2025-2026 where additional resources for its key functions has been agreed.

1.3 An independent one-year review of ATE’s performance as a statutory consultee was completed in Summer 2024 (August) and involved a detailed analysis of performance including feedback from stakeholders such as planning authorities and private sector. This was later than the original due date (June 2024) because the June date was estimated and therefore subject to slippage. The review concluded that ATE is one of the top performing statutory consultees in terms of response times but proposed changes to make ATE more effective, including the introduction of a pre-application service and the provision of advice on Local Plans to improve the quality of planning applications and thereby reducing time spent at the consultation stage.

1.4 ATE is currently undertaking further work to review its capacity to deliver its objectives as part of Spending Review phase 2 and in the development of the third Cycling and Walking Investment Strategy. The outcome of this further work will be published later in 2025 and as part of ATE’s new corporate plan.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Revised target implementation date: on-going to September 2026
Original target implementation date: on-going to December 2025

4.2 In November 2024 the Home Office launched a new External Relations function, which builds strong partnerships and enhances engagement. The new function has established National and Regional teams; facilitating the departments engagement activities so that the Home Office speaks with 'one voice' and develops a better understanding of the collective impact of its work on partners, public services and communities, replacing the fragmented cohort by cohort approach.

4.3 From January 2025, the departments External Relations function oversees the extension of the Full Dispersal Regional Governance boards into evidence led, cross cohort Regional Governance Boards, where data is shared, and decisions are taken collectively with the department and its partners, including LAs (Local Authorities).

4.4 The Home Office continues to share more data with LAs and has established a data team to work with them to ensure they have full visibility of the people residing within their local areas and supporting their ability to plan, building upon place-based visibility data and asylum support discontinuation data.

4.5 The department recognises the need for a joined up, collaborative funding model and officials are currently working on recommendations for HM Treasury, which would simplify and align Home Office funding where possible, and consider all protection-based immigration demands on a place. The department welcomed the opportunity to work with LAs on our most recent Home Office and MHCLG Local Authority Costs Exercise, to understand the LA-borne costs of supporting asylum seekers and refugees within an authority. The department will establish a robust evidence base from this exercise which will support future funding models.

4.6 The target implementation date has been pushed back to align with the new Project Closure Date. The Home Office have written to Committee.

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)
- Treasury Minute: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendations are updated below by the Ministry for Housing, Communities and Local Government, formerly known as the Department for Levelling Up, Housing and Communities.

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.

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

1.2 On 4 November 2024 the Ministry for Housing, Communities and Local Government (MHCLG) published research to provide an up-to-date assessment of the supply and demand of supported housing across Great Britain.

1.3 The publication of the research was later than the original target date as a consequence of the General Election.

1.4 The government will set out details of future investment in social housing at the Spending Review and will also this year publish a Long Term Housing Strategy. MHCLG will respond to the Committee following the Spending Review to set out how it is maximising efforts to increase the supply of supported housing.

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: MHCLG 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.

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

4.2 The Supported Housing (Regulatory Oversight) Act 2023 permits local authorities to charge fees for administering a licensing scheme.

4.3 MHCLG is conscious of the requirement to protect the supply of good quality supported housing and will balance reforms to enable effective enforcement against poor quality provision.

4.4 MHCLG's Permanent Secretary wrote to the Committee on 12 December 2024 setting out the department's plan for implementing the measures in the Act.

4.5 A consultation on the licensing regime was published on 20 February 2025. This sets out proposals on a locally led licensing regime for supported housing and the National Supported Housing Standards. The consultation also seeks views on potentially linking Housing Benefit to the licensing regime in England, to new or existing frameworks in Scotland and Wales and defining care, support and supervision in Housing Benefit regulations in England, Scotland and Wales.

4. 6 The responses to this consultation will be considered carefully to inform final decisions on the detail of regulations and fees. Licensing regulations will be published following this, alongside an 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.

Recommendation implemented: September 2024

5.2 The original target implementation date for this recommendation was July 2024. Following the General Election and election of the new Committee Chair on 11 September 2024, the Department for Work and Pensions wrote to the Committee on 27 September 2024, explaining its work with local authorities to tackle Housing Benefit fraud in supported housing.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendations are updated below.

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.

Recommendation implemented: January 2025

2.2 The original target date of Summer 2024 was revised due to General Election and change of government in July 2024. The department wrote to the Committee on 27 September 2024 setting out the revised implementation date and the Committee responded on 14 October 2024.

2.3 The Ministry of Justice (MoJ) and HM Prison and Probation Service (HMPPS) work closely with the Department for Health and Social Care (DHSC) to refer offenders with drug or alcohol problems into treatment and support ongoing recovery in prison and after release. To measure success, the Cross-Government Reducing Reoffending Board have agreed three robust indicators:

a) Completion of release plan;

- Release plans consider the support an individual needs with transition, including referrals into community treatment.
- This data is already published by MoJ/HMPPS in the Community Performance Annual Update.

b) Engagement in community treatment after release;

- Engagement with treatment services on release is essential for long-term recovery.
- DHSC already publish the proportion of prison leavers with a substance misuse need engaging in community treatment within 3 weeks on the National Drug Treatment Monitoring System.
- DHSC are committed to publishing the proportion of prison leavers with a substance misuse need remaining engaged in community treatment at 12 weeks.

c) Outcomes in community treatment after release.

- Positive treatment outcomes are known to reduce reoffending.
- DHSC are committed to publishing data on the proportion of prison leavers making progress in treatment, of those who engage in treatment.

2.4 Additional DHSC metrics outlined will be published in the annual Substance Misuse Treatment in Secure Settings from January 2026.

2.5 Under the aegis of the National Partnership Agreement, MOJ, HMPPS and DHSC will continue to work together to explore opportunities to improve availability and linkage of data, publishing results where appropriate.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: July 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. The Net Zero Innovation Board met in July 2024 to review the government's net zero research and innovation portfolio and consider strategic priorities for the future.

2.3 The Net Zero Innovation Board continued to consider plans for net zero research and innovation during Phase 1 of the Spending Review in Autumn 2024, and met again in 2025 to review plans for Phase 2 of the Spending Review, consider progress against the Net Zero Research & Innovation Framework, and how future investment can support the Clean Energy Superpower Mission.

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 Consumer interests and the potential challenges they face have been addressed by a number of research and innovation programmes. Challenges consumers might face in adopting new technologies will continue to be considered as the government reports progress against the Net Zero Research and Innovation Framework Delivery Plan (2022-25) in Spring 2025 after the end of the current Spending Review period, and in the design of future research and innovation programmes.

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 is working on a progress report on the Net Zero Research and Innovation Framework Delivery Plan (2022-25), which is due in Spring 2025 after the end of the current Spending Review period. DESNZ has commissioned departments for updates across all sectors covered in the Delivery Plan.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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.

Recommendation implemented: December 2024

4.2 HMRC conducted a comprehensive review of the evidence feeding into customer cost estimates in 2024. As part of this it engaged key customer stakeholder representatives and factored the latest internal and external data on potential costs into models. On 22 February 2024 the department published updated customer cost estimates on GOV.UK in a Tax Information and Impact Note (TIIN). Stakeholders recognised the estimates as credible and as a welcome sign that HMRC is taking burdens on businesses seriously.

4.3 HMRC updates its modelling based on current prices and populations. Any changes to underlying inputs (including the standard cost model) will be incorporated as necessary. The Making Tax Digital (MTD) business case has been refreshed and provides a full update on customer costs and benefits, including those published in the 22 February 2024 TIIN. Approval of the updated business case is expected in early 2025. HMRC continue to assess customer costs in the light of any further changes and will update the business case as required.

4.4 At Autumn Budget 2024, the government confirmed their commitment to the MTD for Income Tax delivery timescales. This will be introduced for businesses, self-employed individuals and landlords with income over £50,000 from April 2026. Those with income over £30,000 will be mandated from April 2027. The government also announced an extension to those with qualifying income over £20,000 by the end of Parliament. An updated TIIN, reflecting costs for the additional population with income between £20,000 and £30,000, will be published when a date for >£20,000 mandation is announced.

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.

Recommendation implemented: September 2024

5.2 Making Tax Digital is central to the delivery of a digital and modernised tax administration system. The government recognises HMRC's customers and delivery partners need certainty and assurance over the delivery plan for MTD.

5.3 The MTD Programme has established processes for managing and communicating change transparently to delivery partners and external stakeholders. This was demonstrated following the announcement of the small business review outcome in November 2023, when HMRC shared detailed plans and a delivery roadmap with these groups.

5.4 The MTD Programme's plans continue to be shared with these groups regularly through established forums, including the bi-monthly Programme Progress Forum where any changes to the timings of specific deliverables are highlighted. This includes sharing a full forward look of the MTD roadmap, as well as bespoke products tailored to delivery partners' needs. HMRC seeks regular feedback on its communications plans from agent representative bodies, software developers and tax agents.

5.5 In the last 18 months, the MTD Programme delivered all major releases to plan and the programme remains on track to go live with mandation for >£50k customers in April 2026. The programme's delivery confidence is independently assured by the Infrastructure and Projects Authority (IPA). An IPA Independent Peer Review in February 2024 reiterated the programme's previous amber delivery confidence assessment, and a full IPA review is due to complete in February 2025.

5.6 The government will ensure any future decisions that affect customers or delivery partners are communicated clearly and timeously to provide all parties time to prepare for change.

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

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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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendations are updated below.

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.

Recommendation implemented: March 2025

6.2 Since the time of writing the previous response to the Committee with an initial target implementation date of May 2024, there has been a General Election. The new government announced a review of the New Hospital Programme (NHP) in July 2024, given the original funding allocation of £3.7 billion for the NHP under the previous government ran to March 2025. Further detail is provided in a letter sent in February 2025 which notifies the Committee of the change in the target implementation date.

6.3 On 20 January 2025, the Secretary of State for Health and Social Care published the outcome of the review. This provides a realistic and affordable timetable for delivery, which has the flexibility to plan on the basis of a total spend of £15 billion in each 5-year Spending Review period. The exact profile of funding will be confirmed in rolling five-year waves at regular Spending Reviews, as with all government capital budgets in future.

6.4 The department's response on the Minimum Viable Product was implemented in the last Treasury Minute responding to recommendation 5, published in February 2024.

6.5 Building market capacity remains a priority for the NHP and the programme continues to engage with the UK and international main works contractors' market. Stakeholder events continue to be delivered to build confidence in the market, including a roundtable hosted by the Institution of Civil Engineers and attended by the Secretary of State, department and NHS England officials and senior industry representatives in November 2024.

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. The Department for Education 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.

The department 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. The department 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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's response to the Committee on this report (CP 1102 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 (DfE) 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 being updated through the Condition Data Collection 2 (CDC2) programme, currently in train.

5.3 As of the end of December 2024, 834 (55.9%) of non-responders to the original AMAP had been visited through CDC2, reducing the number of non-responders from 1491 (6.7%) to 657 (3.0%). CDC2 remains on track to complete in 2026.

5.4 The department takes the safety of children and those who work with them incredibly seriously. The department refreshed its guidance on managing asbestos in schools and colleges on 31 October 2024, working closely with the regulator, the Health and Safety Executive (HSE). This supports local authorities, governing bodies, academy trusts and their schools to have robust plans in place to manage asbestos in school buildings effectively, in line with their legal duties, drawing on appropriate professional advice.

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.

Revised target implementation date: December 2025
Original target implementation date: February 2025

7.2 The department has already made good progress in this area, including publishing updated guidance in October 2024 to help responsible bodies to effectively maintain their estates for the long-term through Good estate management for schools. This supports them to keep estates in a safe condition, compliant with relevant regulations, and to plan strategic management of their assets to deliver value for money. The department has also published guidance on some of the types of construction commonly found in the school estate to help estate managers identify building systems and prioritise appropriate maintenance and repair Managing older school buildings.

7.3 The government is committed to improving the condition of the estate which is a key part of its mission to break down barriers to opportunity and give every young person the best start in life. As part of the 2025-26 budget, the government increased capital funding to improve the condition of school buildings to £2.1 billion - £300 million more than 2024-25, with funding allocations due to be published in the Spring. The department is considering how it can best further support responsible bodies to fulfil their roles and improve the standard and consistency of estate management for the long term. The department is working closely with the sector to understand their needs and inform further work in this area, including a service offer for education estates. Target implementation dates have been extended, so that policy can be considered by the new government, informed by the outcomes of the next multi-year phase of the Spending Review, due to conclude late spring 2025.

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.

Revised target implementation date: December 2025
Original target implementation date: September 2024

7.5 The department is currently undertaking a review of all of its school building standards, including those relating to fire safety. These will form the basis of the new school output specification, which sets the standards to which all DfE delivered schools are built and will underpin the DfE's new school rebuilding framework when it is launched in autumn 2025.

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.

Recommendation implemented: July 2024

8.2 Delivery of the School Rebuilding Programme, including management of risk, is formally reviewed through regular Infrastructure and Project Authority (IPA) gateway reviews, as part of the government's major projects portfolio. The most recent review was completed in July 2024. The IPA found that "considerable progress has been made since the last Gate 0 Review" and rated the programme Amber overall, with an upward trend.

8.3 At the Autumn Budget 2024, the government confirmed £1.4 billion to drive delivery of the programme for 2025-26, reaffirming its commitment to improve the school estate by rebuilding over 500 schools through the programme. The department plans to increase the number of existing school rebuilding projects released for delivery to 100 in financial year 2025-26, so work can start more quickly. Capital funding beyond 2025-26 will be set out following the next multi-year phase of the Spending Review, due to conclude late spring 2025.

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 government is committed to improving the condition of the estate which is a key part of its mission to break down barriers to opportunity and give every young person the best start in life. As part of the 2025-26 budget, the government increased capital funding to improve the condition of school buildings to £2.1 billion - £300 million more than 2024-25. The department continues to expect to set out details of allocations for 2025-26 in Spring 2025 informed by data on the condition of the estate.

9.3 The department keeps its capital funding, support and guidance for the education estate under review, including the guidance and further work set out under recommendation 7a.

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)
- Treasury Minute: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendation is 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**.**

Recommendation implemented: January 2025

2.2 The Department for Work and Pensions published a Summary Business Case on 30 January 2025.

2.3 The original target implementation date of Spring 2024 was amended to Summer 2024. The department wrote to the Committee in October 2024 explaining that the process of approving the Business Case had been delayed due to the General Election and committed to publishing a summary in Winter 2024.

2.4 Alongside the Business Case Summary, the department published its Accounting Officer Assessment on 30 January 2025.

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)
- Treasury Minute: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendation is updated below.

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.

Recommendation implemented: February 2025

5.2 The Department for Work and Pensions (the department) and HM Revenue & Customs (HMRC) have implemented a senior Joint Oversight Group (chaired at Director level) to oversee the progress against joint audit activities. The group has a subgroup that looks at the integrity of data. The subgroup has been reporting monthly into the Joint Oversight Group and have now concluded the integrity of data activity. This oversight group will remain in place with the ongoing remit of National Insurance (NI) Record assurance and collective oversight.

5.3 The department can provide assurance over the interactions of data between DWP and HMRC and now has an established process, with oversight to work with HMRC should issues of data integrity arise in the future. Whilst the departments continue to work closely to enhance data feeds and maximise the opportunities of effective data share, HMRC data integrity is reliant on third parties such as employers providing the correct information into their systems. Both departments are committed to maintain joint working to ensure that processes continue to be enhanced as DWP services are modernised and address issue that may arise in the future using the established governance routes.

5.4 This collective work is being reviewed and progress reported via the Government Internal Audit Agency (GIAA). All of the GIAA recommendations have been implemented or are on track to be implemented by March 2025. This ensures HMRC and DWP have processes in place to have an efficient and effective way to share data in respect of NI records.

Fifth Report of Session 2023-24

Department for Environment, Food and Rural Affairs

Government's Programme of Waste Reforms

Introduction from the Committee

The 2018 Resources and Waste Strategy, published under the 2016 to 2019 May Conservative government 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 the department took evidence in September 2023 the government has rebranded the project as 'simpler recycling'.
- The deposit return scheme in England 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 Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 above), the remaining recommendations are updated below.

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.

Recommendation implemented: March 2025

3.2 The department conducted a follow up visit to the Republic of Ireland in September 2024 to understand their progress since the deposit return scheme launched in February that year.

3.3 The department submitted a written response to the Committee on 18 January 2024. Unfortunately, this was not completed by the target date of Summer 2024, prior to the General Election. However, the response has been updated to include our latest international learnings on deposit return schemes. The letter includes a summary of engagement with international schemes and specific examples of lessons learnt.

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 2024.

4.3 The government is committed to transitioning the UK to a circular economy. This is an ambitious goal, requiring major changes throughout the economy. To support the government in achieving this goal, a Circular Economy Taskforce ('the Taskforce') has been established to work together with government to develop an evidence-driven and actionable Circular Economy Strategy for England. The Strategy will be underpinned by a series of roadmaps for reform in different sectors of the economy and their supply chains.

4.4 The Circular Economy Strategy for England will complement other priority government strategies by focusing on how the UK use our resources in the best way and to the best possible effect, deriving from them the maximum possible value before they become waste while also reducing emissions. Using resources in this way will require major changes in behaviour and capability across the UK, generating opportunities to invest in capital, technology, and jobs – and to align that investment completely with our environmental objectives.

4.5 In light of the ongoing work of the Circular Economy Taskforce the consultation on textile waste policies, which had been planned for late 2024, has been paused so as to ensure alignment with the work of the Taskforce. The Taskforce will be consulting with a wide range of stakeholders in the course of its work on sector roadmaps to support a circular transition.

4.6 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.

4.7 Policies will be prioritised following completion of this research. The Circular Economy Strategy is due to be published in Autumn 2025 and the department plans to write to the Committee in Spring 2025 setting out the approach and requesting a change to the implementation date to align with the strategy publication.

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.

Recommendation implemented: January 2025

5.2 The Recycling Infrastructure Capacity Analysis – formerly referred to as the Waste Infrastructure Roadmap was published in January 2025.

5.3 The department originally intended to publish the Recycling Infrastructure Capacity Analysis – formerly referred to as the Waste Infrastructure Roadmap - in April 2024 but the target implementation date was revised to Summer 2024.

5.4 Unfortunately, Summer 2024 also proved unfeasible. This was due to the knock-on impact of the General Election preparation in the Summer of 2024 and the subsequent months of realigning delivery towards the new Governments five missions.

5.5 Before the end of 2024 the department also published the Residual Waste Infrastructure Capacity Note, which gave consideration to residual waste infrastructure needs.

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.

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

5.7 Now that the Recycling Infrastructure Capacity Analysis has been published the government is engaging with stakeholders to explore how to support the infrastructure necessary to deliver the transition to a Circular Economy.

5.8 The department will write to the Committee by Spring 2025 on this recommendation as requested.

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 10 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. In 2025, the department intends to address key data gaps by publishing new statistics on: *Drivers of consumption-based carbon emissions* - *Spring 2025*.

6.3 The department is now implementing its Resources & Waste Policy Programme Evaluation – this establishes critical survey data to monitor the effectiveness of policy delivery. The Baseline Report which shows recent data against outcome areas in which the programme seeks to achieve change has been published alongside a technical Impact Evaluation Methodology report.

6.4 The department is also progressing mandatory digital waste tracking (per government response October 2023). Since the last report, the department has changed the digital supplier and is re-evaluating the build priorities. The intention is still for digital waste tracking to become available in phases, with a private beta stage first. The department will be providing detail on the scope of the service and the new delivery timelines in May 2025 following this re-evaluation work. Industry has been informed that the service will no longer become mandatory in April 2025.

6.5 The department is developing a Circular Economy *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 has commissioned initial work to take the data strategy forward, with outputs expected by the end of March 2025. This project is then anticipated to be followed by a series of follow-up projects each focusing on a different aspect of the Data Strategy.

6.6 The department is in the process of identifying key data gaps by April 2025 and its outline plan for filling these gaps. The department intends to write to the Committee before the end of April to set out its progress and lay out a plan for meeting key data gaps through the Circular Economy data strategy.

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)
- Treasury Minutes Progress Report: May 2024 (CP 1102)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1102 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) have been introduced as part of the new procurement regime which went live on 24 February 2025 following a short delay to allow for a new National Procurement Policy Statement (NPPS) to be developed to align with the government's priorities. The 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 has been established which will be able to monitor contracting authorities' compliance with their transparency obligations.

1.3 The Cabinet Office has worked with central government departments to identify what the reporting requirements will be in the context of the new procurement regime. This is now established - although it will take some time to embed into the process given there is a transition period for the Act. In parallel the Government Commercial Function is looking at its own data strategy and will develop the central digital platform in order 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.

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

3.2 In response to the Committee's recommendations the Cabinet Office (CO) has worked in collaboration with the Crown Commercial Service (CCS) to review the Sourcing Playbook, current framework guidance and the standards that framework providers should meet to ensure the framework agreements they put in place operate effectively in line with government guidance, policy and regulation. The revised target implementation date reflects the time taken to engage with relevant stakeholders and also better aligns with the publication of the revised National Procurement Policy Statement.

3.3 Following this review, the department and CCS developed a guidance note. The guidance note provides best practice for the establishment, use and management of frameworks and can be used by both all framework providers and all contracting authorities who use frameworks. It complements existing buyers' guides already published by CCS in respect of each individual framework agreement that CCS awards. This approach ensures consistency with other published supplementary guidance notes to the Sourcing Playbook, such as Delivery Model Assessments and Bid Evaluation, and supports the Government Commercial Function to adapt at pace to changing legislation and the practical implications of the Procurement Act.

Seventh Report of Session 2023-24

Department for Environment, Food and Rural Affairs

Resilience to flooding

Introduction from the Committee

In October and November 2023, heavy, persistent and widespread rain affected much of England when Storms Babet and Ciarán struck. The Environment Agency reported that, by the end of October, Storm Babet alone had caused 2,200 homes to be flooded. Surface water flooding is a growing issue with 3.4 million properties at risk in England. In July 2021, parts of London received a month's rainfall within a couple of hours and over 1,500 properties were flooded from surface water as a result. The government announced a new six-year capital investment programme (capital programme) for flood and coastal defence for the period April 2021 to March 2027. It committed to better protect 336,000 properties and help avoid £32 billion of wider economic damage by investing £5.2 billion in around 2,000 new flood defence projects. Government announced a further £370 million of capital funding for 2021–2027 in 2020 for innovative projects and to accelerate work on projects, taking the total capital funding for 2021–2027 to just under £5.6 billion. To monitor delivery of the programme, Defra and the Agency have developed a set of 18 metrics with the primary focus on the 'headline' metric of the number of properties better protected. In addition to central government funding, there is a range of other funding sources for flood risk management. Partnership funding is an important source of funding, where risk management authorities raise funds from the public and private sectors towards a flood defence project. the Agency estimates that £2.3 billion of partnership funding is needed to supplement central government funding for the period 2021–2027.

Relevant reports

- NAO report: Resilience to flooding – Session 2023-24 (HC 189)
- PAC report: Resilience to flooding – Session 2023-24 (HC 71)
- Treasury Minute: March 2024 (CP 1057)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1057 above), the remaining recommendations are updated below.

1. PAC conclusion: Government has no overall measure of the resilience it expects to achieve and so does not know if it is making progress towards its ambition of a nation more resilient to flooding.

1. PAC recommendation: In its next annual report (for 2023-24), the Agency should provide a more holistic assessment of net progress towards a "nation more resilient to flooding", taking into account properties less well protected as well as those better protected. Defra should develop a measure which shows the net change in the number of properties at risk from flooding in order to give the true picture of England's resilience to future flood and coastal erosion risk and set a target for the net change it aims to achieve.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: end of 2025

1.2 The Environment Agency (Agency) and the Department for Environment Food and Rural Affairs (the department) are developing a methodology for measuring and reporting 'net' change in national level flood risk, including (but not limited to) climate change, asset deterioration and development in the flood plain (for increasing risk) and new defences (for decreasing risk). The new National Flood Risk Assessment (NaFRA2), published in December 2024, provides this capability and establishes a risk baseline against which to measure change over time. The Agency expects to be able to report "net" change in risk from Summer 2025 onwards, in line with timescales agreed with the National Audit Office following their 2020 report Managing Flood Risk. Confidence in measurements will increase over time as further data improvements are implemented through regular NaFRA2 updates.

1.3 Following publication of the FCERM Annual Report, the government will undertake further work by the end of 2025 to assess the most appropriate measure for flood risk reduction from rivers, the sea and surface water and merits of setting a target. Metrics used would need to reflect wider resilience options, not just the provision and maintenance of infrastructure.

1.4 Work will be informed by NaFRA2 and the Agency's next Long Term Investment Scenarios for flood and coastal erosion risk management, which deliver insights into potential long term risk outcomes. The government aims to conclude this work by end 2025 as stated in its response to the National Infrastructure Commission's study into surface water flood risk.

3. PAC conclusion: Defra has not established what the appropriate balance is between building new defences and maintaining existing ones.

3. PAC recommendation: For the remaining years of the capital programme, the Agency should set out the value for money of different options for the balance between capital and maintenance budgets, and whether there is a case for transferring funds between the two. This should be reviewed annually. The results of the review should be reported to the Committee as soon as completed and used to inform Defra's and HM Treasury's funding decisions.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

3.2 The Agency is working on improved evidence to help identify the optimal balance of capital and maintenance in order to maximise value for money. The department agreed with HM Treasury to move £25 million from the capital budget into its maintenance budget for 2023–24.

3.3 Rebalancing budgets is best done in a managed way. Longer term fixed budgets provide stability and certainty, which allows costs efficiencies and productivity improvements through packaging of delivery. However, unexpected events or fluctuations in project delivery, such as storm damage and inflation, means that rebalancing midway through an investment programme can increase value for money. Such switches are always done on the basis of a rigorous assessment between the Agency, Defra and HM Treasury of the value for money, and outcomes achievable.

3.4 The department and the Agency continue to work together to identify the optimal balance of capital and maintenance, and have agreed to divert £36 million in 2024-25 and £72 million in 2025-26 from the FCERM capital investment programme to asset maintenance for the remainder of this programme up to March 2026. Proposals are in development for the next investment programme which is due to commence in April 2026 and will be submitted as part of the next spending review in Summer 2025. It is likely that there will be further increase in the focus on investing in existing assets.

4. PAC conclusion: The risks from surface water flooding are increasing, but Defra is not providing the necessary leadership and support for local authorities on how this will be addressed.

4b. PAC recommendation: The Agency should prioritise its work to provide guidance and training for local authorities on surface water flooding, including sharing examples of good practice.

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

Recommendation implemented: November 2024

4.2 Lead local flood authorities (local authorities) are responsible for managing surface water flood risks. However, the Agency, alongside its operational role for managing flood risk from rivers and the sea have a strategic overview/leadership role for all sources of flooding, including surface water, set out within the National Flood and Coastal Erosion Risk Management Strategy for England. The Agency is therefore uniquely placed to convene those working on surface water, share best practice and enable training.

4.3 The Agency already supports local authorities with commitments included within the Flood and Coastal Erosion Risk Management Strategy Roadmap to 2026. A recent example are the webinars and training delivered jointly with the Town and Country Planning Association to over 200 local planning authorities to improve planning decisions.

4.4 In November 2024, the Environment Agency launched a substantial update to its Supporting Flood and Coastal Projects site available to all practitioners who develop flood resilience projects for the FCERM investment programme in delivery of the FCERM Strategy for England. Risk Management Authority (RMA) subscription is now over 800. It hosts tools, guidance, training and a community for peer and expert support. New content includes information and guidance on NaFRA2, managing surface water flood risk and, Environment Agency training is now available to RMAs through the FCRM Skills Academy. Training includes mapping and modelling, project appraisal, business case development, funding, economics, natural capital and reporting processes and systems.

4.5 The Government's new Flood Resilience Taskforce marks a new approach to flood preparedness, working between national, regional and local government, including the Devolved Governments and flood risk partners.

4.6 The Agency also created a commercial support team for RMAs to access commercial arrangements.

5. PAC conclusion: Defra does not have sufficient understanding of the impact of its capital investment decisions on geographical distribution and we are concerned that smaller communities are losing out.

5a. PAC recommendation: Defra should set out how it intends to get a better understanding of the impact of its investment decisions on geographical distribution and on its progress in reviewing local government funding for flooding.

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

Target implementation date: Summer 2025

5.2 By summer 2025, the Agency will be able to analyse geographical distribution of investment from the floods capital programme to understand the impact of investment decisions. It will better understand likely distribution and benefits of future investments.

5.3 The Agency has published annual investment levels and numbers of properties better protected by 15 geographical regions in their Flood and coastal erosion risk management reports since 2021 (2023-24 Report published December 2024). As flood schemes take multiple years to complete, it is difficult to judge impact of geographical distribution of investment decision annually. Longer-term analysis will be undertaken by the Agency, concluding Summer 2025 and considered as part of the Partnership Funding Policy Review announced in November 2024. This will inform the next FCRM Investment Programme due to start in 2026.

5.4 The investment programme distributes funding across the country where risk is greatest and benefits are highest. A consistent methodology is used, applying a national funding formula under the current Defra partnership funding policy, allocating funding to schemes proposed by all risk management authorities. This ensures fair distribution of funding based on agreed priorities, principles, and needs – there are no specific regional targets.

5.5 In December 2024, MHCLG published a consultation on local authority funding reform. The consultation invites views on the principles and objectives for funding reform, including the approach to assessing local authority need.

5. PAC conclusion: Defra does not have sufficient understanding of the impact of its capital investment decisions on geographical distribution and we are concerned that smaller communities are losing out.

5c. PAC recommendation: Defra must complete and publish its significantly overdue work to identify areas which are likely to lack enough local authority resources and private sector contributions to manage flood risk within three months of the publication of this Report given the importance of this to smaller communities in particular.

5.6 The government agrees with the Committee's recommendation.

Recommendation implemented: March 2024

5.7 Two reports were published in March 2024 on flood investment - one on Flood funding for local authorities and the other on Flood investment in deprived areas. Deprived areas can struggle to secure the required funding contributions to deliver resilience projects so government grants households in the 20% most deprived areas 2.25 times the standard Defra payment rate.

5.8 The department has set out plans to consult on a new strategic vision for floods investment. A consultation will be launched in the coming months on the floods funding formula to maximise the impact of government funding, taking into account the challenges facing different types of communities when delivering flood protection. The consultation will also consider how funding policy drives close partnership working and investment to make government funding go further.

5.9 Around £132 million of partnership funding has been secured in this financial year (2024-25), including approximately £17 million in private sector contributions. The government will continue to consider what it can do to mitigate the challenges on floods project delivery, including private sector contributions and local authority resources. For example, in February 2025 the government announced £140 million to fill funding gaps, unlocking the delivery of 31 flood defence schemes, better protecting communities across England.

6. PAC conclusion: We are concerned that Flood Re is not providing the protection that was envisaged and that 2039 will likely be too soon to close down the Flood Re scheme given the increasing risk from flooding and slower progress on protecting properties.

6. PAC recommendation: Defra should write to the Committee within 12 months setting out how it is working with Flood Re to understand the implications of closing Flood Re in 2039, Defra's role in the transition plan, and where flood risk must get to in order for this to happen.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

6.2 The department wrote to the Committee in January 2025 setting out how it is working with Flood Re to understand the implications of closing Flood Re in 2039, Defra's role in the transition plan, and where flood risk must get to in order for this to happen.

6.3 Regulation 27 of the Flood Reinsurance (Scheme Funding and Administration) Regulations 2015 sets out that Flood Re must produce a report at least every five years which reviews the scheme, and has regard to the need to manage the transition to a risk reflective market by 2039. Flood Re published their latest Quinquennial Review in July 2024 making recommendations, which the Secretary of State will consider in due course. Flood Re must also review the scheme's financial parameters (e.g. the levy, loss limit and liability limit) on a three year cycle, making any case for change to government.

7. PAC conclusion: We are concerned that new housing continues to be built in areas of high flood risk without adequate mitigations.

7b. PAC recommendation: The Department should write to us within 12 months to inform the committee of progress on plans to reduce development in areas of flood risk without adequate mitigations.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

7.2 The government wrote to the committee in January 2025 setting out progress on this recommendation. The government is committed to building high-quality, sustainable homes and creating climate-resilient places.

7.3 The government response to the July 2024 consultation on reforms to the National Planning Policy Framework was published in December 2024. It clarifies the use of sequential tests for developments in flood-prone areas and supports sustainable drainage systems. Further changes to manage flood risk and coastal change will be considered in future planning reforms.

7.4 The Environment Agency is publishing new national risk information for flooding and coastal erosion, including climate change scenarios. Updates to the Flood Map for Planning are expected in Spring 2025. These improvements use new data and methods to help developers and local planning authorities make informed decisions for sustainable development.

Eighth Report of Session 2023-24

Ministry of Defence

Improving Defence Inventory Management

Introduction from the Committee

The Ministry of Defence (MoD) holds more than 640,000 types of inventory and more than 740 million individual items at a net book value of £11.8 billion. It spent £1.5 billion buying inventory in 2022–23. The MoD's inventory falls into three categories:

- Capital Spares – items used for repairing and enhancing or converting a larger equipment platform, such as wheels, rotary wings and windscreens. This also includes other low value items, such as tents or stretchers, which the MoD can issue and re-use;
- Raw Materials and Consumables (RMC) – items such as munitions, food, clothing and medical supplies and fuels; and
- Guided Weapons Missiles and Bombs (GWMB) - explosive inventory used in operations and training.

Inventory management sits within the MoD's Support function, which is led by the Chief of Defence Logistics and Support (CDLS) and the Defence Support organisation within UK Strategic Command. However, many organisations contribute to the management of the MoD's inventory, including Defence Equipment and Support (DE&S), responsible for purchasing and delivering both equipment and support services to the Front Line Commands (namely the Army, Royal Navy, Royal Air Force and UK Strategic Command), which are responsible for the storage and distribution of inventory within their bases and at deployed locations.

Relevant reports

- NAO report: Defence inventory management – Session 2022-23 (HC 1793)
- PAC report: Improving Defence Inventory Management – Session 2022-23 (HC 66)
- Treasury Minute: March 2024 (CP 1057)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1057 above), the remaining recommendations are updated below.

1. PAC conclusion: The MoD's Chief of Defence Logistics and Support does not have the powers needed to deal with the fragmentation of its inventory management.

1. PAC recommendation: In its Treasury Minute response, the MoD should set out the steps it has taken to provide CDLS and the Support function with the right levers and authority to implement its Support Strategy to achieve the 2025 strategic outcome "waypoints" (towards the 2035 goals).

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

1.2 Further work is underway through The Strategic Defence Review and Defence Reform to ensure CDLS and the Support function effectively operate with the right levers and authority. CDLS' authority has been strengthened through full membership of the Defence

Equipment and Support (DE&S) Executive Leadership team (ELT) and as the Strategic Relationship Owner for Team Leidos, the MoD's strategic delivery partner for logistics. These changes empower CDLS to influence the provision of through life support and enhance the post's authority in the forums which oversee management of the Defence inventory.

2. PAC conclusion: The MoD's inventory management systems remain outdated, and the quality of its data limits its ability to understand its inventory.

2. PAC recommendation: Within six months, the MoD should provide an update to us setting out progress against its plans for the Bridging the Gap project, as well as any other measures it is undertaking to improve the quality of its inventory data. This should specifically address the likelihood that a further contract extension will be required to complete the Future Logistics Information Services work, and the expected cost and duration of any such extension.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented: July 2024

2.2 The Business Modernisation for Support (BMfS) programme remains focused on replacing obsolete digital systems, modernising business processes, and improving inventory management and data quality. Progress includes the start of the roll-out of a pan-defence inventory system, which is due to complete in late summer 2025. Additionally, a new Defence Air Passenger Support Service (DAPSS) is set to go live around the same time and we are expecting to shortly complete the competition for a new engineering support software service. These milestones represent key steps in replacing the Bridging the Gap (BtG) contract.

2.3 The BtG contract began in 2022. The aspiration remains to reduce the number of legacy systems after the end of the BtG contract (June 2027) to the absolute minimum, but the scale and pace of this reduction will be wholly dependent on the provision of appropriate resources and affordability. The Defence Support digital ecosystem is complex and requires significant resource, skills, and experience across all stakeholders to evolve and modernise.

2.4 To ensure continuity, three options for the future of BtG are under consideration: full relet of BtG as a contingency; open competition to disaggregate services; or a hybrid approach with phased service transitions to a new Managed Service Provider (MSP) and with BDUK maintaining the balance of services until this too can be competed openly.

2.5 The hybrid approach is the preferred option and designed to minimise disruption to the MOD supply chain while working within resource constraints. However, if resource and workforce restrictions persist, full relet may become the only feasible option. Work including market engagement is ongoing to refine the approach by April 2025. There have been issues with Delivery Agent resource which will likely mean that a transitional arrangement between the BtG and MSP is required.

2.6 Work to improve inventory data quality continues at pace. The Defence Support Operational Data Services (ODS) project has migrated 19 legacy data sources into a Support Data Warehouse since 2018, with a further 8 migrations planned this year, and a move to a new cloud-based service from 2026. Enhanced data management and quality measures are integral to supporting Defence's digital modernisation objectives and delivering long-term resilience.

3. PAC conclusion: The MoD's transformation plans are complex and ambitious, but its track record means we are sceptical about its ability to achieve them.

3. PAC recommendation: In its Treasury Minute response, the MoD should write to us setting out progress on its Support transformation programmes, how it is ensuring it has the right skills and experience to deliver them, and how it will engage with industry in doing so.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

3.2 In response to stakeholder feedback and evolving priorities, Business Modernisation for Support (BMfS) evolved significantly in 2024. Key developments included:

- an independent review;
- streamlined governance;
- a delivery strategy refresh incorporating continuous improvement and incremental upgrades, vice all new systems; and
- a revised target architecture and delivery plan.

3.3 The programme is now in full delivery mode, with new systems rolling-out and others due on contract in 2025. The roll out of a new inventory management system to the Navy was accelerated following the failure of the Comprehensive RN Inventory Supply and Transport System Project (CRISP) system, underscoring the criticality of rolling out new programmes on time. The MoD expects to let a contract for the Defence Equipment Engineering and Asset Management System (DEEAMS) by August 2025, with roll-out potentially 13 months later. Defence Logistics Information Services (DLIS) will issue an invitation to tender in March 2025 after co-creating with industry. The single base inventory system is currently due to achieve Full Operating Capability by late 2025. Defence Air Passenger Services System (DAPSS) will roll out in Spring 25.

3.4 Delivery depends on sufficient skilled staff. Civil Service recruiting restraints have necessitated prioritisation, increasing reliance on External Assistance (EA), which is similarly constrained by spending controls. Despite workforce challenges, some EA for BMfS and Future Defence Support Services has been secured, with future success reliant on continued EA provision. A digital Non-Executive Director (NED) and delivery partner have improved technical expertise and industry links.

3.5 All programmes maintain close industry collaboration via industry days, workshops, and engagement through industry bodies.

4. PAC conclusion: MoD will need to work closely with industry to ensure resilience in its supply chains.

4a. PAC recommendation: In its Treasury Minute response, the MoD should update on its plans for how it intends to work with industry ensure greater resilience in its inventory management, including its £2.4 billion of investment in supply chains.

Within six months, the MoD should inform the Committee by letter of the lessons learned from its review of the LCST contract and how it will take implement these.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

4.2 The department has several work strands that are evolving to ensure greater integration and resilience in the approach to inventory management.

4.3 The Defence Supply Chain Capability Programme (DSCCP) is delivering a step-change in how the department works with Industry to deliver a resilient and adaptable supply chain that enables the UK to maintain its warfighting edge and drive economic growth.

4.4 MoD is working to stand-up a Defence Industrial Joint (DIJC) Council, which will replace the Defence Suppliers Forum and Defence Growth Partnership. This new body will drive strategic engagement with all sectors stakeholders including the full breadth of industry, unions, and academia to implement the Defence Industrial Strategy (DIS). It will also evolve the pan-department approach to supplier engagement that will provide Industry with greater clarity on MoD's current and future requirements and provide opportunity to input effectively into the department's capability planning and acquisition lifecycle.

4.5 The Future Defence Support Services (FDSS) programme is being developed for intended implementation in June 2028 with an emphasis on increased resilience, agility and contracted flexibility. To enable this, significant industry engagement is underway to allow us to take advantage of any opportunities in new technology, as well as to ensure we allow industry to propose innovative solutions. A long-term partnering approach with industry will create the right commercial environment to encourage investment in new technologies to deliver more efficiency. Aggregated scope will reduce siloed inventory management across Defence bringing benefits of both economies of scale and category management. Further spiral development opportunities are under consideration.

4b. PAC recommendation: Within twelve months the MoD should provide a progress report to the Committee on its plans for merging the LSCT contract and a number of similar contracts into FDSS programme. In particular, the MoD should set out how well the IT software programmes are being developed to support the logistics consolidation.

4.6 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

4.7 FDSS has achieved pan-Defence agreement on its delivery plan, requirement, scope and spiral opportunities. It continues to intersect with the following programmes across Defence: Future Maritime Support Programme; Medical Operational Capability Improvement Programme; Land Industry Operating System; Future Faslane Estate Programme; and Defence Supply Chain Capability Programme, to seek the optimal scope for resilient and agile Defence support services.

4.8 At Outline Business Case (November 2024), the recommended scope on day one is circa 35% greater than the LCST contract it will replace in 2028. Spiral opportunities will provide the opportunity to increase this further.

4.9 The programme remains on the critical path with Outline Business Case approval by the Cabinet Office intended by April 2025, allowing the Invitation to Negotiate to then be issued. Any delay to these actions will increase the operational risk of a break in support during transition, as well as potentially triggering an extension to the current contract.

4.10 FDSS and Business Modernisation for Support (BMfS) continue to work very closely together to agree the optimal mix between government furnished and contractor provided equipment and software. The current intention, which is welcomed by industry, is to give bidders the maximum freedom to propose modern IT solutions that dock into specified MoD systems.

5. PAC conclusion: The MoD failed to consider the needs of its medical operations in outsourcing commodity procurement to Team Leidos and this has created significant risks for front-line personnel

5. PAC recommendation: In its Treasury Minute response, the MoD should write to us setting out how it will ensure that the requirements of medical personnel will be properly addressed in its future inventory management arrangements, and how it will resolve risks more quickly in future. This should include providing data on a quarterly or monthly basis of how performance in the supply of medical inventory has changed over the life of the LCST contract, including performance against any target inventory level requirements for different sub-sectors of medical equipment as well as the overall medical equipment inventory target. Alongside this, the MoD should set when it expects to consistently achieve each of these targets.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

5.2 The £13 million medical change programme, which commenced July 2023, is on-going within the LCST contract (delivered by Team Leidos) and full operating capability was declared in December 2024. This enhanced operating model has already demonstrated consistent levels of improved monthly medical performance, with a period of above contractual target (92%) Medical availability performance since September 2023. This has been delivered through new standards introduced in January 2024 and through additional embedded contractor medical supply chain personnel and greater clarity on segmented medical product availability. Process improvements are also in place to ensure that short shelf-life medical materiel can meet challenges presented by long duration maritime deployments. Segmented medical performance data is also shared regularly between Defence and Team Leidos. Transaction times for processing change and new requirements have reduced in year and revised governance to link LCST with the Defence Medical Services (DMS) and their Medical Operational Capability Improvement Programme (MOCIP) are now well-established.

5.3 Looking ahead, MOCIP is focussed on using the lessons learned from LCST and improving relationships with the Department of Health and Social Care, NHS England, UK Health Security Agency and NHS Blood and Transplant, along with the NHS Supply Chain. This will deepen the access to surge capacity for the breadth of medical materiel in scope for the Future Defence Support Services (FDSS) contract, through increasing the medical supply chain scope of FDSS and adopting improved contractual performance metrics. FDSS is scheduled to replace LCST in June 2028.

6. PAC conclusion: While the MoD has reduced the amount of stock it holds, it still holds large amounts of excess and unserviceable inventory.

6. PAC recommendation: In its Treasury Minute response, the MoD should set out how it is improving its ability to understand which inventory items need disposing of, and ensuring this is done so consistently. It should also set out details of any targets it has to reduce the amount of the inventory overall and in particular areas.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2028

6.2 The department continues to tackle the challenge of identification and disposal of inventory. In September 2024, Defence Equipment and Support achieved Initial Operating

Capability for a centralised Recycling and Disposal team, tasked with managing disposal services across the department. This team utilises existing suitably qualified and experienced staff, on track to achieve Full Operating Capability in 2025. It will develop a single disposal process based upon common Logistic Information systems. The disposal processes for depot related disposals will be integrated within the Future Defence Support Services planned for 2028.

6.3 The introduction of the single Base Inventory System (due to complete in 2025) has been a critical enabler ensuring process alignment across environments, improving the identification and processing of disposal candidates. Disposal targets for Financial Year 2025-26 will be set by March 2025. Initial effort will concentrate on removing obsolete and excess inventory from non-explosive depots.

6.4 Particular effort is being applied to reduce stock holding in key areas; the Royal Navy is optimising stock holding in Faslane Naval Base, regenerating storage space and improving availability. At MoD Donnington, activity is underway to reduce holdings of hazardous materials, focusing on older warehouses and rationalising stock into the major new 75,600m² warehouse near Carlisle (called DC North), allowing the demolition of older warehouses.

6.5 Targeting greater disposals coupled with an increasing emphasis on resilience may require a change in risk appetite given the uncertain environment in which the armed forces operate to balance MoD’s need for availability and efficiency in its inventory holdings.

Ninth Report of Session 2023-24

HM Treasury

Whole of Government Accounts 2020-21

Introduction from the Committee

The Whole of Government Accounts (WGA) is a set of financial statements prepared by His Majesty's Treasury in accordance with International Financial Reporting Standards (IFRS) and the Government Financial Reporting Manual (FReM). It brings together information on the financial performance and position of over 10,000 organisations across the UK public sector, including central government departments, local authorities, public corporations, devolved administrations, the NHS and academy schools. Over £1 trillion in expenditure is accounted for in the 2020–21 WGA. The WGA is therefore in a unique position to provide an overview of the public sector financial landscape and how it is evolving; offering an important tool for managing public finances and helping to ensure transparency and accountability. The 2020–21 WGA was published on 20th July 2023, 27 months after the reporting year-end and more than 4 months after HM Treasury's original plans to publish in March 2023. The Comptroller & Auditor General qualified his opinion on the 2020–21 accounts for the 12th consecutive year since they were first produced for the 2009–10 year.

Relevant reports

- PAC report: Whole of Government Accounts 2020-21 – Session 2023-24 (HC 65)
- NAO report: Report of the Comptroller and Auditor General on the WGA 2020-21
- HM Treasury Report: Whole of Government Accounts 2020-21 (HC 1588)
- Treasury Minute: March 2024 (CP 1057)
- Correspondence to PAC: 29 November 2024

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1057 above), the remaining recommendations are updated below.

1. PAC conclusion: HM Treasury's increasing delays in publishing the Whole of Government Accounts are decreasing its usefulness to Parliament, local authorities, and the public.

1. PAC recommendation: HM Treasury should write to the Committee alongside the publication of 2021-22 Whole of Government Accounts to report whether it is on track to ensure that the 2023-24 publication is delivered within 15 months and outline options which may allow HMT to deliver it earlier.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented: March 2024

1.2 HM Treasury wrote to the Committee on the 26 March 2024 regarding publication plans for the Whole of Government Accounts (WGA) and the recovery plan.

1.3 The 2021-22 WGA was published at the end of March 2024, ahead of Easter Parliamentary recess.

1.4 The 2022-23 WGA was published at the end of November 2024, and the department is on track to publish the 2023-24 WGA in July 2025.

1.5 The Recovery plan is on track to publish the 2023-24 WGA pre summer recess 2025 and to publish the 2024-25 WGA by Summer 2026 (15 months after end of reporting date).

1.6 HM Treasury has been collecting more unaudited data and this is the case for the 2022-23 WGA and the forthcoming 2023-24 WGA.

1.7 There is a critical dependency on the rollover of the system between years and ensuring this happens quickly and without errors and defects. Rollovers have been planned in advance enabling seamless collection of data for inclusion in WGA.

2. PAC conclusion: It is unacceptable that the increase in missing data is reducing the utility and reliability of the Whole of Government Accounts.

2a. PAC recommendation: HM Treasury must be more proactive in collecting the data required to complete the WGA, including:

- ***Engaging with bodies to better understand why they have not submitted data.***
- ***Requiring bodies to submit draft data even if audited data is not available.***
- ***Identifying appropriate consequences/sanctions for bodies that don't submit required data.***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented: March 2024

2.2 HM Treasury continues to engage with stakeholders on collection of data. The main reason for not submitting data is where entity accounts have not been published or audited, especially in the English Local Government sector.

2.3 Webinars were held during 2024 and were well received by our stakeholders and proved to be a valuable source of support and training.

2.4 HM Treasury contacted underlying entities on a regular basis to monitor progress and assist with any issues, escalating to Director level where required, to ensure continuous engagement. HM Treasury also promoted this discipline through the Finance Leadership Group.

2.5 HM Treasury has continued to try to capture as much data as possible across the public sector in WGA, regardless of whether or not it has been audited. This was achieved for both the 2021-22 WGA and 2022-23 WGA, and the message is being further enhanced for the 2023-24 WGA that draft data is better than no data at all.

2.6 Unaudited data is encouraged where audited data is unavailable and the missing and unaudited data disclosures in the published Whole of Government Accounts 2021-22 and 2022-23 explain this in detail.

2.7 HM Treasury will continue to work with other system actors (e.g. the Ministry of Housing, Communities and Local Government, CIPFA) to encourage data submissions, even if underlying statutory accounts are disclaimed.

2.8 These processes are now included in each annual cycle and the recommendation is therefore considered implemented.

2b. PAC recommendation: HM Treasury should, as part of the 2021-22 WGA, include within the governance statement details of how it is addressing the issue of missing data.

2.9 The government agrees with the Committee's recommendation.

Recommendation implemented: March 2024

2.10 Missing data was addressed for the 2021-22 WGA and was enhanced for the 2022-23 WGA with particular emphasis on the usefulness and reliability of data in the WGA, and increased engagement with our stakeholders.

2.11 How the missing data has been addressed was included in the 2021-22 WGA and enhanced for the 2022-23 WGA with more detailed trend analysis.

2.12 The 2022-23 WGA was disclaimed by the auditors and the missing data issue is now part of HM Treasury's response to the disclaimer of opinion. The 2021-22 WGA includes the "Effect of missing data on WGA" on page 16. This has also been included in 2022-23 WGA on page 18 and will continue to be included until the level of missing data has ceased to be significant. As these disclosures are being included on an ongoing basis, and the issue has moved on to a larger context of responding to and addressing the disclaimer of opinion on the Whole of Government Accounts, the recommendation is considered implemented.

4. PAC conclusion: HM Treasury does not have a clear plan for tracking ongoing COVID costs or evaluating COVID schemes in the longer term.

4a. PAC recommendation: HM Treasury should, within six months, set out a long-term plan for tracking COVID-related costs, such as requiring accounts disclosures for annual accounts of significant schemes beyond the cost-tracker.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented: July 2024

4.2 HM Treasury recognises the value of continuing to track COVID-related costs beyond the Cost Tracker. In addition to the Cost Tracker, some departments publish regular updates on key items of spending, e.g. DCMS published a report on the Cultural Recovery Fund, and DBT publish quarterly repayment data on the largest COVID loan schemes. HM Treasury has set out a long term plan for tracking COVID-related costs.

4.3 Regarding the commitment to track Covid-cost in the long-term beyond the Covid Tracker, a Covid spend disclosure was a mandatory requirement in departments performance reports in Annual Report and Accounts via the Public Expenditure System (PES) paper on Guidance on the preparation of annual reports and accounts in 2020-21 and 2021-22. This evolved into a broader remit with departments having autonomy to adapt what was within scope after other significant events such as the Russian invasion of Ukraine and energy price crisis for 2022-23 accounts. This is the "reporting on specific issues significantly impacting the dept" section of PES paper. Implementation of these requirements in Annual Reports of departments began in summer 2024.

4b. PAC recommendation: HM Treasury should, by July 2024, provide a compendium of evaluation of COVID schemes from across Government, and cross cutting lessons to learn.

4.4 The government agrees with the Committee's recommendation.

Recommendation implemented: September 2024

4.5 HM Treasury sees the value in evaluating the success of COVID schemes in achieving policy aims and remains committed to learning and sharing lessons from the response to the pandemic.

4.6 HM Treasury also sees the value in bringing together evaluations of COVID schemes, including completed and in-flight evaluations, into a single compendium. The single compendium was issued to the Committee in a letter dated 30 September 2024.

4.7 Separately, HM Treasury has committed to carry out an exercise to distil lessons from the experience of supporting businesses through the pandemic, drawing on existing evaluations and reports, and where relevant including cross-cutting lessons to learn. HM Treasury will provide the Committee with an update on its progress in April 2025. As above, HM Treasury wrote to the Committee on 30 September 2024, including the single compendium and an update on progress was given.

5. PAC conclusion: HM Treasury is not sufficiently proactive in identifying the data it requires for reporting thematic spend in the WGA, or communicating this with Departments.

5. PAC recommendation: HM Treasury should, within its Treasury Minute response, explain how it will use guidance to departments or accounts directions to ensure there is more consistent data available from departmental accounts for use in improving reporting within future WGAs on key strategic themes such as climate change and the impact of inflation.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented: March 2024

5.2 Areas of topical interest and enhanced financial disclosures were included in the WGA for both 2021-22 and 2022-23, and HM Treasury is always looking at further ways to enhance data for future publications.

5.3 For the 2022-23 WGA, HM Treasury added enhanced disclosures on accounting spotlights in the Performance Report, in particular, covering discount rates and IFRS 16 disclosures.

5.4 The WGA should be seen as a component of a range of government reporting frameworks and is part of a broader framework of financial reporting and management. Each department has its own aims and objectives and so the reporting frameworks are flexible by design to give those preparing reports the autonomy and independence to present their unique objectives.

5.5 Updates to guidance in the Government Financial Reporting Manual (FReM) have continued to be published as scheduled to ensure that information provided by departments meets the requirements for inclusion in the Whole of Government Accounts. HM Treasury only directly controls reporting for central government, and therefore has limited scope for full implementation of this recommendation as it also impacts local government and devolved nations where there is more autonomy in setting requirements for what is included in their accounts. As this is an ongoing process, the recommendation is considered implemented in March 2024.

6. PAC conclusion: HM Treasury is not making the most of the information available within the WGA.

6. PAC recommendation: HM Treasury should, within its Treasury Minute response, explain how it intends to improve the accessibility of the information within the Whole of Government Accounts, for example through seminars with MPs, and providing access to the localised spending data now available through OSCAR II.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented: March 2024

6.2 HM Treasury are working closely with the new Committee members to improve accessibility of information in WGA. In particular, the department is looking at digital presentation of WGA data as well as planning to include a 15 year trend analysis in the 2023-24 WGA.

6.3 HM Treasury wrote to the Committee on 29 November 2024 (PAC recommendations for 2021-22 WGA, recommendation 6 refers) and will explore the possibility of providing training and seminars to MPs, continuing to investigate other ways in which the accessibility of the information within WGA can be improved.

6.4 A pre-briefing with the Committee was held in January 2025 ahead of the Hearing on the 2022-23 WGA. This covered aspects of resource accounts, Whole of Government Accounts and fiscal debt statistics. HM Treasury can provide a Whole of Government Accounts briefing for new MPs, if this would be helpful.

6.5 Page 83 and 85 of the Whole of Government Accounts 2022-23 contain the regional analysis which makes information on local spend available to the public.

6.6 HM Treasury will continue to reach out to stakeholders to promote the use of the Whole of Government Accounts on an ongoing basis.

Tenth Report of Session 2023-24

Department for Transport

HS2 and Euston

Introduction from the Committee

The High Speed Two (HS2) programme aimed to construct a new high speed, high-capacity railway between London, the West Midlands and the north of England. It consisted of different phases, with Phase 1 (between London and the West Midlands) most advanced. On 4 October 2023, the Prime Minister announced that Phase 1 would continue but that all other phases would be cancelled in response to increasing costs on the programme. The government would instead invest £36 billion (in 2023 prices) from the cancelled phases into other transport programmes and projects as part of its Network North: transforming British transport plan. The government also announced that the HS2 Euston station design would be simplified and that private sector investment would be found to deliver the project, releasing £6.5 billion (in 2023 prices) of planned expenditure. The Department for Transport is the sponsor of the HS2 programme and HS2 Ltd is responsible for delivering it.

The Department published an Accounting Officer Assessment, of whether completing Phase 1 of HS2 between Euston and Birmingham meets the value for money requirements of Managing Public Money. The Department concluded that it did, based on continuing Phase 1 from this point in time, excluding money spent to date (sunk costs estimated at £24.6 billion at 2019 prices), and taking account of the cost of remediation work (estimated at £11 billion at 2019 prices) required were Phase 1 to be cancelled. The Accounting Officer also wrote to us to explain the details of the assessment, setting out the methodology used and the uncertainties in several of the assumptions used. In that letter the Department also confirmed that if it considered Phase 1 as a whole then "Taking an estimated range for the total costs of Phase 1 and assessing them against the estimated total benefits (i.e. including sunk costs and excluding remediation costs) [it] would result in a BCR [Benefit Cost Ratio] range significantly below 1 and would represent poor Value for Money."

Relevant reports

- NAO report: High Speed Two: Euston – Session 2022-23 (HC 1201)
- PAC report: HS2 Euston – Session 2022-23 (HC 1004)
- PAC report: HS2 and Euston – Session 2023-24 (HC 67)
- Treasury Minute: March 2024 (CP 1057)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1057 above), the remaining recommendations are updated below.

1. PAC conclusion: HS2 now offers very poor value for money to the taxpayer, and the Department and HS2 Ltd do not yet know what it expects the final benefits of the programme to be.

1a. PAC recommendation: In its revised business case, the Department should set out clearly how it has sought to maximise benefits from Phase 1, what benefits it will now plan to deliver and how it will measure success; and

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: early 2026
Original target implementation date: during 2024

1.2 Following his arrival as HS2 Ltd Chief Executive in December 2024, Mark Wild was tasked by the Department for Transport with assessing the current position on cost, schedule and culture, and providing an action plan to deliver the remaining work as cost effectively as possible, including at a realistic budget and schedule. During the Committee's oral evidence session *HS2: Update following Northern leg cancellation* of 19 December 2024, he set out that this work would be conducted over the course of 2025 with the aim of delivering an assured baseline in 2026.

1.3 The Department for Transport (DfT) is planning to publish an updated programme business case in early 2026 once an agreed cost estimate is produced following this programme reset. This business case will provide updated benefit-cost ratios and set out the updated benefits of the revised programme, as well as how the department will continue to monitor the delivery of programme benefits. Beyond the updated business case, the department and HS2 Ltd will continue to report publicly on the realisation of HS2 benefits, including through the department's six-monthly reports to Parliament.

1.4 The programme has a well-established process for measuring the significant benefits already being delivered through construction. As of January 2025, the programme is currently supporting over 30,000 jobs, thousands of UK businesses, and has created over 1,800 apprenticeships since 2017.

1.5 The department will continue to work across government to support the ongoing realisation of benefits, with particular focus on the operational benefits as the railway comes into service, and the regeneration and wider economic benefits at places along the line of route including around the new stations.

1b. PAC recommendation: [In its revised business case, the Department] should also set out when it will produce its benefits realisation plan and, as part of that, how it will work across government and local authorities to deliver the outcomes it seeks.

1.6 The government agrees with the Committee's recommendation.

Revised target implementation date: early 2026
Original target implementation date: during 2024

1.7 The department will set out how it intends to realise High Speed Two (HS2) benefits in the programme's updated business case. The updated business case will capture and outline the process of benefits management and realisation for the programme.

1.8 In a letter to the Committee dated 1 December 2021, the department's Permanent Secretary indicated that DfT would work with HS2 Ltd to publish a joint benefits management and evaluation strategy. The department will incorporate the information from this strategy within the updated programme business case, instead of publishing a separate document.

1.9 Beyond the updated business case, the department and HS2 Ltd will continue to report publicly on the realisation of HS2 benefits, including through the department's six-monthly reports to Parliament.

2. PAC conclusion: Costs have continued to escalate and the Department and HS2 Ltd do not know how much the programme will now cost.

2. PAC recommendation: The Department and HS2 Ltd should set out in its next six-monthly update:

- ***Progress in recruitment of Executive and Non-Executive Board roles at HS2 Ltd.***
- ***How they are going to ensure that effective cost controls, oversight, transparency, design, and contracting are put in place so that cost overruns and delays which have been a constant problem throughout the whole HS2 project will now be brought under acceptable and properly accountable control.***
- ***Progress in reviewing existing contracts to ensure that contractors are now incentivised to minimise costs.***

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

Revised target implementation date: Spring 2026 - updates to be provided in future reports to Parliament.
Original target implementation date: Spring and autumn 2024

2.2 Non-Executive capability has been bolstered with the appointment of David Goldstone in June 2024. David Goldstone brings his expertise in major infrastructure delivery and his significant experience including as Chief Executive Officer of the London Legacy Development Corporation and the Houses of Parliament Restoration and Renewal Delivery Authority. Board capability will continue to be kept under review, under the leadership of the HS2 Ltd Chair.

2.3 In October 2024, the government announced urgent measures to grip HS2 costs, including:

- Reinstating the Ministerial Task Force to ensure greater accountability;
- Launching an independent review on the oversight of major transport infrastructure projects, including the effectiveness of reporting and forecasting of cost, schedule and benefits;
- Making clear that after safety, HS2 Ltd's primary objective is to deliver the remaining works at the lowest reasonable cost.

2.4 The Secretary of State for Transport tasked HS2 Ltd Chief Executive Mark Wild to provide an initial assessment on how he intends to reset the programme by spring 2025. While the programme is undergoing a reset, the overall cost and schedule of the programme will be under review and the department intends to hold the company to enhanced in-year monitoring to ensure value for money for the taxpayer.

2.5 HS2 Ltd is continuing to work with the principal suppliers to ensure focus on the cost-effective delivery of the remainder of the civil works. The department will provide an update on that work in forthcoming reports to Parliament, subject to commercially sensitive details.

3. PAC conclusion: The Department and HS2 Ltd do not yet know what the impact of the decision to cancel Phase 2 will be on the HS2 programme and how HS2 Ltd will need to adapt so it can be successfully delivered.

3a. PAC recommendation: The Department and HS2 Ltd should set out in its next six-monthly update:

- ***Progress in establishing what it needs to do to amend Phase 1 and manage the closedown of the other phases.***

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: during 2025 - updates to be provided in report to Parliament.
Original target implementation date: Spring 2024

3.2 The government is progressing its plan to deliver Phase 1 and is considering the position it inherited in relation to its policy for any further rail infrastructure north of Birmingham.

3.3 Safeguarding on Phase 2a has been lifted but currently remains in place for Phase 2b (Western and Eastern Legs). There are around 1,200 boreholes on Phase 2 that were used for ground investigations that need to be remediated. The department is working with HS2 Ltd to finalise the detailed plans for the Phase 2 closure programme and associated costs, which the department expects to be around £100 million.

3.4 The department will provide an update in its next six-monthly report to Parliament.

3b. PAC recommendation:

- ***The work HS2 Ltd has done in re-establishing the organisation to deliver the revised programme, including identifying the skills and capability it requires.***

3.5 The government agrees with the Committee's recommendation.

Revised target implementation date: during 2025 - updates to be provided in updates to Parliament.
Original target implementation date: during 2024

3.6 Throughout 2024, HS2 Ltd undertook a comprehensive change programme to reshape the organisation to deliver the revised programme. The department confirmed in the December 2024 report to Parliament that it commissioned HS2 Ltd Chief Executive Mark Wild to undertake a comprehensive review of the project, including capability. The outcome of this review may result in further changes, which the department will provide further details in any subsequent Parliamentary reports.

3.7 The department will provide an update in its next six-monthly report to Parliament.

4. PAC conclusion: Developing Euston is dependent on attracting private finance to pay for it, but the Department does not yet have any plan for how to do so and has to make investment decisions soon to protect long-term value for money.

4a. PAC recommendation: The Department should:

- ***develop plans for a range of private investment scenarios, including different levels of public finance, as part of its consideration of how to progress with the station at Euston; and***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented: June 2024

4.2 The government has made considerable progress in advancing plans for private investment and has developed a range of private funding and financing sources and mechanisms in line with the recommendation. These include private financing for the HS2 Euston station, which is being actively explored in partnership with HM Treasury; development receipts from the commercial use of land owned by the Secretary of State and Network Rail, working alongside Lendlease and Camden Council; and tax increment financing linked to local tax contributions. Further analysis and ministerial engagement on these options is now required, and, subject to their viability and potential impact, these options will be considered as part of any future business case.

4b. PAC recommendation:

- ***decide soon how to proceed with the tunnelling from Old Oak Common to Euston to best protect value for the taxpayer.***

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

Recommendation implemented: October 2024

4.4 The decision to proceed with the delivery of the HS2 tunnels from Old Oak Common to Euston was announced by the Chancellor of the Exchequer as part of the Autumn Budget of October 2024. Proceeding with the current plans for the tunnels from Old Oak Common is the most timely and cost-effective approach. HS2 Ltd is working with its delivery partners to prepare for the start of tunnelling.

Eleventh Report of Session 2023-24

Home Office, The Department of Health and Social Care

Reducing the harm from illegal drugs

Introduction from the Committee

The sale and use of illegal drugs costs UK society some £20 billion a year and inflicts significant harm on individuals, their families and wider communities. Around three million people in England and Wales use illegal drugs, with 10% of these people using the most harmful drugs, specifically opiates and crack cocaine. In 2021 almost 3,000 people in England died because of drug misuse, with thousands more suffering complex health problems. The distribution of drugs also generates significant levels of violence, with around half of homicides linked to gangs involved in the distribution and sale of drugs. The emergence of 'County Lines' has seen increasing violence as gangs compete for market share, and the exploitation of vulnerable people.

In December 2021, the government published a new 10-year drugs strategy – From harm to hope. The government is seeking to reduce drug use to a 30-year low and reduce drug-related deaths and crime. It has allocated £903 million of additional funding over the period 2022–23 to 2024–25, including £105 million to disrupt the supply of drugs; £768 million to help create a "world class treatment and recovery system"; and £30 million to create a "generational shift" in the demand for illegal drugs. The Home Office leads on UK drug policy, UK borders and organised crime, policing and crime reduction in England and Wales. The Department of Health & Social Care (DHSC) is responsible for overseeing the substance misuse treatment and recovery sector. In 2021, the government established the cross-government Joint Combating Drugs Unit (JCDU) to co-ordinate and oversee the implementation of its strategy. In addition to the Home Office and DHSC, the other departments involved are the Ministry of Justice (MoJ), the Department for Work & Pensions (DWP), the Department for Levelling Up, Housing & Communities (DLUHC), and the Department for Education (DfE). Local authorities are responsible for commissioning local drug and alcohol treatment services.

Relevant reports

- NAO report: Reducing the harm from illegal drugs: Session 2022-23 (HC 1864)
- PAC report: Reducing the harm from illegal drugs: Session 2023-24 (HC 72)
- Treasury Minute: March 2024 (CP 1057)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1057 above), the remaining recommendations are updated below.

1. PAC conclusion: The progress achieved to-date will be wasted if the JCDU and departments fail to develop a compelling case for the sustained investment needed to reduce the harms from illegal drugs.

1. PAC recommendation: The JCDU should work with the departments to build the case for sustained investment – based on a deeper understanding of the cost of not addressing the harms from illegal drugs - to ensure that the strategy is appropriately prioritised at the next spending review.

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: April 2025
Original target implementation date: by the end of 2024

1.2 Reducing drug harms remain a real challenge and there is further to go to address the problems highlighted in Dame Carol Black's 2021 independent review of drugs. Nearly half of acquisitive crimes and half of homicides in England and Wales are linked to drugs; drug use in public is consistently raised as a key cause of concern in communities; and drug misuse deaths have almost doubled over the past 10 years. As part of the Plan for Change and mission-led approach, the government is dedicated to driving down drug misuse and harms through prevention and treatment while acting quickly to stop the criminals supplying these harmful substances.

1.3 This means learning from progress since the 2021 Drug Strategy, and adapting the approach to meet this government's priorities. This will require sustained effort across multiple departments with the Joint Combating Drugs Unit (JCDU) and Combating Drugs Partnerships playing a central role in driving a whole-system approach at a national and local level.

1.4 The JCDU and departments remain focused on developing the case for investment in tackling drugs beyond March 2025. They have brought together a joint budget to support Phase 1 of the Spending Review to cover the 2025-26 financial year. Work is ongoing to bring together the evolving joint evidence base, assess future ambitions and develop proposals for both the multi-year Phase 2 of the Spending Review and the next phase of the Drug Strategy.

2. PAC conclusion: Achieving the long-term aim of reducing drug-related harms will only be possible if departments work collaboratively and adapt their approach to the evolving threats.

2. PAC recommendation: The JCDU and departments should assess how the next phase of the strategy can build on progress in the first three years and embed a system level focus on the difficult issues involved in tackling drug-related harms. In doing so, they will need to address structural barriers (e.g., to recovery and continuity of care), take account of changing threats and set clear accountabilities for delivery.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

2.2 The government is committed to a long-term, system-wide approach to reducing drug harms, learning from what works and ensuring this supports delivery of the government's missions. Collaboration across departments and agencies, with the JCDU's central oversight, continues to be key to delivering this work.

2.3 This whole-system approach has enabled the government to respond quickly to new threats such as synthetic drugs, with the Synthetic Opioids Taskforce leading and coordinating a system-wide response to synthetic opioids across the UK. Action taken includes banning harmful substances, widening access to naloxone, including for police and probation services, and enhancing our early warning system.

2.4 Strong, cross-system governance has also ensured relevant departments play their part in improving treatment and recovery services, building on Dame Carol Black's recommendations. This includes the roll-out of Individual Placement and Support (IPS) employment support, which is now available to approximately 97% of those in England accessing structured community treatment for drug and/or alcohol dependence. Analysis shows continued high performance with over 50% of participants securing paid employment, and approximately 80% sustaining this employment for at least 13 weeks.

2.5 The Department of Health and Social Care (DHSC) has also enhanced the focus on recovery services and communities in 2024-25, increasing the funding allocated to them (£23 million in 2024-25 from £9 million in 2023-24 and £5 million in 2022-23). DHSC has also contracted a capacity-building project to develop and sustain lived experience recovery organisations (LEROs). As peer-led initiatives, LEROs naturally spark the ‘social contagion of hope’, resulting in self-sustaining recovery communities.

2.6 This work will form a key part of the government’s approach to drugs, which it hopes to set out later in 2025.

4. PAC conclusion: There are variations in local outcomes which the JCDU and DHSC have not yet addressed.

4. PAC recommendation: The JCDU and DHSC should build a comprehensive understanding of variations in local approaches, disseminating examples of good practice and innovation; providing support to local authorities that need it; and engage with local authorities to understand and address the incentives created by the strategy’s performance metrics.

4.1 The government agrees with the Committee’s recommendation.

Revised target implementation date: May 2025
Original target implementation date: March 2025

4.2 The JCDU continues to work with Combating Drugs Partnerships (CDPs) to identify and share best practice, including through a quarterly bulletin, an online platform for local partners, and structured webinars on key areas of delivery. The Shared Outcomes Fund evaluation of CDPs is near completion and learnings to date will be disseminated to local areas in May 2025. The evaluation will be published in due course.

4.3 DHSC has continued to work with 19 local authorities identified for targeted intensive support, including quarterly review meetings to assess progress on ambitions and agreed milestones, and bespoke support for aspects of treatment and recovery. This support has seen the number of people in treatment in these areas increase by 22% between June 2023 (when areas were identified) and November 2024, compared with an 11% increase in England overall.

4.4 DHSC has continued to share data and good practice, including a coproduced webinar (with the Association of Directors of Public Health and English Substance Use Commissioners Group) on addressing unmet need for people who use opiates. There is also an innovate and implement project through which over thirty local authorities are receiving support to improve access and retention for people who use opiates. Learning from that project will inform the future support offered to local authorities.

5. PAC conclusion: The JCDU and departments have not put sufficient emphasis on the importance of addressing the specific needs of different cohorts of people who use drugs.

5. PAC recommendation: The JCDU and departments should ensure that the barriers faced by differing cohorts of people who use drugs (such as women, young people, people from minority ethnic backgrounds) are properly understood and assure themselves that local authorities are sufficiently targeting these groups.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

5.2 The government recognises that people from protected groups can have different support needs and experiences of treatment and recovery services. As set out in more detail in the follow-up letter of 17 October 2024, DHSC continues to provide a range of support to local authorities in commissioning substance misuse services which meet the needs of different groups and populations, including women and people from ethnic minority backgrounds. For example, the new commissioning quality standard requires local areas to design and co-produce needs assessments that include equality impact assessment processes, to understand the diverse needs of local populations and the health inequalities affecting them, using data provided by DHSC.

5.3 On the wider aspects of recovery, such as housing and employment support, programmes are designed to be open and accessible to all eligible people. For those who come into contact with the criminal justice system, the Ministry of Justice is working closely with health partners to ensure that all prisoners and people on probation can access the treatment and support most appropriate for them.

5.4 As set out in the update provided on 17 October 2024, the JCDU is continuously working with CDPs to identify and share best practice on lived experience involvement and has encouraged all CDPs to appoint a Public Involvement Lead, responsible for ensuring that a range of voices are heard throughout the work of the partnership. The involvement of people with lived experience, third sector, and the wider community in their strategic work is key to addressing barriers faced by protected groups.

6. PAC conclusion: Despite previous attempts to reduce the demand for illegal drugs, the JCDU and departments still do not understand how to change behaviours and prevent people from taking drugs.

6. PAC recommendation: As a matter of urgency, the JCDU should co-ordinate work to develop an evidence-based plan for achieving the strategy's aim of reducing demand for illegal drugs to a 30-year low. It should draw research together to provide a compelling evidence base, understand the impact of local initiatives and work with other departments to build on related government strategies (e.g. deprivation, vulnerable families, mental health, homelessness etc).

6.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

6.2 The government is committed to taking an evidence-based approach to preventing and reducing drug use to support the government's missions.

6.3 As set out in the update provided on 17 October 2024, JCDU and departments are working proactively across agendas and strategies to agree a future approach to preventing drug misuse and harms. This includes working across government on the development of the new National Youth Strategy and Young Futures Programme, and with law enforcement partners to deliver projects focused on reducing the demand for drugs. Some of these projects have identified key areas within which police can better support those who commit crimes when under the influence of drugs. Additional policy and legislative work is currently underway to expand the list of trigger offences and to allow forces to test for specified class B and C drugs through the Crime and Policing Bill, which was introduced in Parliament on 25 February. These measures will contribute to further building the evidence base and ensuring we take a holistic approach to addressing the challenge. The Government has also commissioned expert advice from the Advisory Council on the Misuse of Drugs to support the development of a whole-system response to drug prevention, launched an Innovation Fund to Reduce the Demand for Illicit Substances to test and learn from new interventions, and continued to explore international and local approaches to support this agenda.

6.4 JCDU and departments will embed the learnings from this work to better understand the risk factors and social determinants of drug misuse, explore opportunities to facilitate behaviour change and prevent escalation to more harmful use and/or dependency.

Twelfth Report of Session 2023-24

HM Treasury, Cabinet Office

Cross-government working

Introduction from the Committee

Central government is organised into departments that plan and deliver their own objectives. In some cases, these objectives can be met by individual departments acting alone. But often, important government priorities, such as net zero, adult social care, rough sleeping and vulnerable families cut across departments, and require them to work together, through what is known as cross-government working. Successful cross government working can allow government to deliver outcomes more effectively and deliver better value for money. But it requires concerted effort. There are many different types of cross-government working, from sharing best practice between departments to delivering complex programmes that cut across different departmental objectives.

Relevant reports

- NAO report: Lessons learned: Cross-government working – Session 2022-23 (HC 1659)
- PAC report: Cross-government working – Session 2023-24 (HC 75)
- Treasury Minute: April 2024 (CP 1070)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1070 above), the remaining recommendations are updated below.

1. PAC conclusion: Understanding what approach works best and in what circumstances is fundamentally important to optimise cross-government working.

1a. PAC recommendation: HM Treasury should analyse how different models of cross- government working are being used, so it can provide more support to departments on which models work best for different projects.

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: September 2025
Original target implementation date: March 2025

1.2 HM Treasury remains strongly supportive of cross-government working and continues to take steps to facilitate joined-up policy development and delivery. HM Treasury has continued to monitor and analyse how different models of cross-government working are being used, including through lessons learned from the Shared Outcomes Fund and learnings from projects where HM Treasury has provided tailored support in specific cross-cutting areas.

1.3 Since the election, the government has changed the way public services are delivered by embedding a mission-led approach. This supports preparations for phase 2 of the 2024-25 Spending Review, where the government will ensure departments are working together to deliver key priorities in a more effective and efficient way. The approach of setting up Mission Delivery Units represents a prime example of the use of one of the different potential models for joint working detailed in Managing Public Money, where one department leads at programme level, with accountability and responsibility for individual projects sitting with different departments and arm's length bodies.

1.4 The introduction of a mission-led approach represents a significant step change in the way cross-government working is supported and delivered across government. HM Treasury will continue to support the delivery of Missions across phase 2 of the 2024-25 Spending Review and this will form a core component in the analysis of models of cross-government working. HM Treasury, working with the Infrastructure and Projects Authority and newly established National Infrastructure and Service Transformation Authority, will consider models of cross-government working following the Spending Review, to continue to support departments going forward.

3. PAC conclusion: Effective cross-government working is fundamental to delivering government's priorities but there is a lot of work to do to make it more than just a 'nice to have'.

3a. PAC recommendation: HM Treasury and the Cabinet Office should share lessons learned from the Shared Outcomes Fund.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2025

3.2 HM Treasury had already assessed interim lessons learned from the Shared Outcomes Fund, which informed the joint working review.

3.3 Since then, HM Treasury undertook a further interim review of the fund as it entered its final year to inform its approach to incentivising cross-departmental collaboration at future Spending Reviews, and more broadly through public spending structures and processes. The exercise produced late-interim findings, focused on the process and experience of stakeholders relating to the fund's objectives, rather than the success of individual projects, to learn lessons applicable to spending decisions.

3.4 As funding from the Shared Outcomes Fund covers the period until the end of the financial year 2024-2025, HM Treasury has not undertaken a final lessons-learned exercise from the project. HM Treasury will write to the Committee around the end of the financial year with updated findings on lessons learned.

3b. PAC recommendation: HM Treasury and the Cabinet Office should produce guidance for Departments setting expectations on cross-government working ahead of the next Spending Review.

3.5 The government agrees with the Committee's recommendation.

Recommendation implemented: August 2024

3.6 Delivering long-term change in complex areas requires collaboration at the different levels of government. The government is committed to breaking down siloes to deliver results, including through the government's mission boards which were established to oversee the government's five cross-cutting missions: growth, health, opportunity, safer streets and clean energy.

3.7 Spending is one important enabler of progress towards the government's top priorities. To reflect this, phase 2 of the 2024-25 Spending Review will target spending towards the Plan for Change – the key milestones within each mission that government is seeking to prioritise this Parliament – and support greater collaboration between departments as part of decision-making. This joint working will support collective discussion around the different choices, help to stop duplication and drive greater alignment between departments with shared responsibilities to deliver results.

3.8 One way that departments are encouraged to work together as part of the Spending Review is through the use of joint budgets, which involve two or more departments aligning spending plans around a shared workstream.

3.9 At phase 1 of the 2024-25 Spending Review, HM Treasury provided training and guidance to finance and policy teams across government to support joint bids, setting expectations that departments should work together on cross-cutting areas.

3.10 The formal guidance in the unified template set out instructions for the submission of joint budget lines. HM Treasury ran a series of teach-ins for departments to encourage the submission of higher quality joint budget lines. HM Treasury also supported departments and spending teams through detailed conversations on specific policy areas and maintained a bespoke email address to answer queries and support on the development of submissions.

3.11 All returns were required to have been agreed between relevant departments and signed off by all necessary Finance Directors in advance of submission and included in all relevant departments' returns. Where joint budgets related to the government's missions, these were required to be agreed via Mission Boards.

3.12 HM Treasury used the information in the joint submissions as part of the assessment and reviewal of all submissions, with tailored support from HM Treasury's cross-cutting reform team.

5. PAC conclusion: Government does not consistently report on cross-cutting outcomes.

5a. PAC recommendation: Cabinet Office should publish departments' ODPs to improve transparency, along with plans to deliver them.

5.1 The Government notes the Committee's recommendation.

5.2 With the announcement of the General Election on 23 May 2024 and the dissolution of Parliament on 30 May 2024, it was not possible for the previous government to respond to the Committee as planned. Since the general election in July 2024, the government has published its Plan for Change, which sets out clear and ambitious milestones to reach over this Parliament from each of the government's national missions, which are cross-government by design. Details on wider government commitments will continue to be provided by relevant departments and further guidance will be issued to the Committee as the 2024-25 Spending Review concludes.

Thirteenth Report of Session 2023-24

Department for Science, Innovation and Technology and Ofcom

Preparedness for online safety regulation

Introduction from the Committee

People are increasingly living their lives online, with UK adults spending, on average, just under four hours online a day. There are challenges to this online activity. Of internet users in the UK, 68% of child users (aged 13–17), and 62% of adult users (aged 18+), indicated in 2022 that they had experienced at least one potential online harm in the last four weeks. Harmful content can vary in nature, from child sexual abuse material and terrorist content to online fraud and the encouragement of self-harm.

The government has set itself an objective of making the UK the safest place in the world to go online. The Department for Science, Innovation and Technology (the Department) was responsible for delivering the Online Safety Bill and in October 2023 the Online Safety Act (the Act) became law. The Act introduces new duties on search engines, firms which host user-generated content, and providers of pornographic content, to minimise the extent of illegal content and content that is harmful to children experienced by their users. Providers failing to meet these duties will be accountable to Ofcom, the UK's existing communications regulator, in its new role as the UK's online safety regulator.

The Act requires Ofcom to secure the adequate protection of citizens from harm arising from content on regulated services, through the appropriate use by service providers of systems and processes designed to reduce the risk of such harm. Ofcom has been preparing for its new regulatory role since 2020 when the government confirmed its decision to appoint Ofcom as the regulator for online safety.

Relevant reports

- NAO report: Preparedness for online safety regulation – Session 2022-23 (HC 1660)
- PAC report: Preparedness for online safety regulation – Session 2023-24 (HC 73)
- Treasury Minute: April 2024 (CP 1070)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1070 above), the remaining recommendations are updated below.

1. PAC conclusion: It will take a long time for Ofcom to implement the regulatory regime in full and it is therefore crucial that it meets its interim deadlines on the priority areas of illegal harms and protecting children.

1. PAC recommendation: Ofcom must meet its deadline to introduce codes of practice in the two priority areas of illegal harms and protecting children within 18 months of the Online Safety Bill becoming law.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

1.2 The Online Safety Act 2023 (the Act) requires Ofcom to submit its Codes of Practice on illegal harms and protection of children to the Secretary of State within 18 months of the Act becoming law, by 26 April 2025.

1.3 Ofcom is on track to meet this deadline. Ofcom's illegal harms consultation closed in February 2024 and the illegal harms codes were submitted to Secretary of State for approval on 16 December 2024. The Illegal Harms code passed through Parliament in February 2025. Ofcom published its protection of children consultation in May 2024, the consultation closed in July 2024 and Ofcom is currently on track to finalise and submit the protection of children's codes to Secretary of State in April 2025. These codes will then be laid before Parliament.

3. PAC conclusion: Ofcom lacks clarity about how it will identify and respond to non-compliance and when to use its enforcement powers.

3. PAC recommendation: Ofcom should urgently finalise its automated compliance monitoring systems and clarify its enforcement approach with service providers where engagement has not proved possible.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

3.2 Ofcom is designing data-driven tools to identify risks, including potential non-compliance, reflecting the fast-moving nature of this sector and Ofcom's ongoing work to design and deliver the regulatory framework, including the iterative approach to the Codes of Practice.

3.3 A foundational task is identifying the services likely to fall in scope. Ofcom has developed a classification tool, which is already providing insights into the profile of regulated services and will continue to refine it drawing from the experience of applying the Act.

3.4 Ofcom has procured a data analysis platform and is configuring it to support their classification tool, and future developments ensuring Ofcom has robust and scalable support for their tools.

3.5 Ofcom is evaluating the value of procuring and/or developing data-driven tools to inform where services may not be compliant, in line with Ofcom's priorities. Ofcom are exploring building a live database of services' characteristics including risk factors and automated complaints analysis. This will inform the possible need for enforcement in several ways, including by flagging increasing risk of harm, which may be due to ineffective safety processes, or potential compliance concerns.

3.6 Ofcom expects services to engage constructively and to be willing to make improvements. Ofcom will use its enforcement powers appropriately, guided by its regulatory principles. Ofcom's approach to investigating compliance concerns and enforcing the Act's requirements is set out in its Online Safety Enforcement Guidance, published December 2024. Ofcom is communicating its approach to enforcement through its wider engagement outreach programme.

4. PAC conclusion: Ofcom has yet to work through the detail of how fees levied on industry will work, including how it will recover the set-up costs and cover the ongoing costs of the regime.

4. PAC recommendation: As part of its Treasury Minute response to this report, Ofcom should set out:

- ***The modelling it plans to undertake on the fee regime;***
- ***How it will transparently report on its approach to the fee regime; and***
- ***How it will transition from the current funding regime to a self-financing model.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented: October 2024

4.2 As set out in its approach to implementing the Online Safety Act 2023, Ofcom consulted publicly in October 2024 on its approach to the fees regime, including the definition of Qualifying Worldwide Revenue and its proposed charging approach.

4.3 As part of this consultation, Ofcom set out the evidence and reasoning for its proposed approach, which included financial modelling and impact assessments undertaken to support these proposals.

4.4 Ofcom continues to work with the Department for Science, Innovation and Technology with the aim of implementing the fees regime in the 2026-27 financial year. The consultation provided more detail about the proposed timetable including the planned statement and advice to the Secretary of State in Spring 2025.

4.5 Decisions around recouping Ofcom's costs pre-dating the initial charging year are the responsibility of the Secretary of State. The Online Safety Act requires the department to consult on the approach to recoupment.

Fourteenth Report of Session 2023-24

Department for Levelling Up, Housing and Communities, Home Office

Homes for Ukraine

Introduction from the Committee

The UK government launched the Homes for Ukraine scheme on 14 March 2022, following the Russian invasion of Ukraine in February 2022. The scheme enables people in the UK to sponsor and host Ukrainian nationals who are seeking refuge from the war. Individuals are granted three-year visas to stay in the UK, with full access to public services, benefits, and other support. By January 2024, 141,200 Ukrainians had come to stay in the UK.

The scheme is jointly run by the Department for Levelling Up, Housing & Communities (DLUHC) and the Home Office. The Home Office primarily leads on operational matters relating to the processing of visas and checks on the suitability of the sponsor. DLUHC leads on all aspects of the scheme from the point of arrival of Ukrainians into the UK, working closely with local authorities and devolved governments.

Just under 74,000 sponsors had applied to host Ukrainians under the scheme by September 2023 and DLUHC continues to provide funding for new arrivals, about 400 people a week. Any adult in the UK can act as a sponsor providing they pass eligibility checks conducted by the Home Office and local authorities. Sponsors must commit to hosting for a minimum of six months and can claim thank you payments from government worth £350 a month for the first year and then £500 a month for years two and three. The local authority where the sponsor is based receives a one-off tariff payment of £10,500 per arrival (reduced to £5,900 for all arrivals since 31 December 2022) to help with support and integration needs.

By the end of September 2023, the government had provided £2.1 billion in funding for the scheme. The government announced in the Autumn Statement in November 2023 that it will extend thank you payments for another year and provide a further £120 million funding to the devolved administrations and local authorities in England to invest in homelessness prevention.

Relevant reports

- NAO report: Investigation into the Homes for Ukraine scheme – Session 2023-24 (HC 1863)
- PAC report: Homes for Ukraine – Session 2023-24 (HC 69)
- Treasury Minute: April 2024 (CP 1070)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1070 above), the remaining recommendations are updated below by the Ministry for Housing, Communities and Local Government, formerly known as Department for Levelling Up, Housing and Communities.

5. PAC conclusion: The scheme was set up at speed and has helped 141,200 Ukrainians come to the UK, but DLUHC does not know fully what aspects of the scheme have or have not worked and whether overall the scheme has been value for money.

5. PAC recommendation: As part of its Treasury Minute response, DLUHC should set out what plans it has to evaluate the scheme, both while it is still ongoing and at the end of the scheme. These evaluations should include:

- ***how lessons learned from the scheme, and best practice examples, could be used for potential future resettlement schemes; and***
- ***a consideration of the overall value for money of the scheme.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

5.2 The Ministry for Housing, Communities and Local Government continues to keep the Homes for Ukraine scheme under consistent review, drawing on lessons learned to refine the existing scheme and inform decisions on future schemes. To do this, the department continues to monitor data and evidence across the scheme to measure against key milestones and metrics and reports to the Homes for Ukraine programme board.

5.3 Homes for Ukraine guests will begin moving onto Ukraine Permission Extension Scheme visas from March 2025, at which point the department will review its internal lessons learned products and exercises to date and make decisions on how it will further evaluate the scheme. The department is on track to set out further plans in Spring 2025.

6. PAC conclusion: DLUHC has not yet assessed what it will do when its current contract with Palantir to provide the scheme's main data system ends in September 2024.

6. PAC recommendation: DLUHC should, as part of its Treasury Minute response, set out its assessment of its commercial options once the current Palantir contract expires. If this includes extending the contract with Palantir, DLUHC should explain how this is justified under current procurement regulations. In particular, how such a decision would be consistent with the Government Chief Commercial Officer's concerns about departments accepting IT companies' offers to provide free trial periods to gain a commercial foothold.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented: September 2024

6.2 Following agreement from both parties, the contract was extended for a further year until September 2025 as under the terms of the Palantir contract, the service may run for up to 3 years. Removing Foundry before September 2024 would have had significant impact, including leaving the department with unable to generate reports, monitor safeguarding checks or train local authorities on a new system, all of which posed unacceptable risks to the programme.

6.3 The department is undertaking work to review the options available ahead of the expiry of the current Palantir contract in September 2025. As this is commercially sensitive information, the department is unable to provide any further information at this time.

Fifteenth Report of Session 2023-24

HM Treasury

Managing government borrowing

Introduction from the Committee

Government borrows when its spending exceeds its income, which has been the case in all but five of the last 53 years. Borrowing allows government to continue to deliver important public services when tax receipts fall, or spending requirements increase. Government needs to pay interest on the money it borrows, and government's overall debt increases when it borrows more than it repays. Public sector net debt excluding the Bank of England (PSND ex BoE) is government's preferred measure for reporting on public finances. PSND ex BoE, which is the amount by which total government spending exceeds its total receipts, excluding assets and liabilities held by the Bank of England, was an estimated £2,251 billion at the end of 2022–23, equivalent to 86.1% of the UK's gross domestic product (GDP). Interest payments on this debt totalled an estimated £112 billion. The government's debt stock is forecast to continue rising through to 2028–29.

The Treasury is responsible for the government's fiscal and debt management policy, and for delivering the government's overall debt management objective which is "to minimise, over the long term, the costs of meeting the government's financing needs, taking into account risk, while ensuring that debt management policy is consistent with the aims of monetary policy". Ministers make judgements about taxation, spending and the total amount of borrowing required. Government borrows by issuing bonds, known as gilts, through the UK Debt Management Office (DMO) to large investors in the capital markets, or by encouraging savers to invest in National Savings & Investments (NS&I) retail products such as Premium Bonds. In 2023–24, the DMO was tasked with raising £232.3 billion, while NS&I was required to raise £7.5 billion. The Treasury's Debt and Reserves Management (DRM) team is responsible for stress-testing and challenging any analysis the DMO and NS&I provides during the preparation of the annual borrowing requirement known as the "remit". The Office for Budget Responsibility (OBR), which is independent of government, examines and reports on the sustainability of the public finances, in addition to forecasting the government's borrowing needs.

Since 2009, the Bank of England's quantitative easing (QE) programme has acted as a guaranteed buyer of government gilts, purchasing just under £900 billion, thereby indirectly helping the DMO sell the gilts it needed. However, QE is now unwinding, meaning for the first time the DMO will be selling gilts at the same time as the Bank of England. With interest rates having risen to levels not seen since 2008, the government is forecast to make a £126 billion loss on the QE programme, further increasing the government's borrowing needs. These higher interest rates, together with inflation-linked debt, lead to higher debt interest payments for government, which risks eroding government choices for public spending.

Relevant reports

- NAO report: Managing government borrowing – Session 2022-23 (HC 1658)
- PAC report: Managing government borrowing – Session 2023-24 (HC 74)
- Treasury Minute: April 2024 (CP 1070)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1070 above), the remaining recommendations are updated below.

1. PAC conclusion: The Treasury is not able to fully monitor performance in meeting its debt management objective owing to a lack of quantifiable measures.

1. PAC recommendation: The Treasury, together with the DMO and NS&I, should set out, as part of the Treasury Minute response, how they plan to improve performance measurement against the debt management objective, including their analysis of international approaches and possible new metrics that could be introduced.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented: March 2025

1.2 The government wrote to the Committee on 26 February 2025, providing updates on this recommendation and its analysis of international debt management practices.

1.3 Having undertaken a comparative analysis of peer sovereign debt managers, the government reaffirms that it provides a strong framework for performance measurement against the debt management objective. HM Treasury and the Debt Management Office's approach is well-aligned with global practices, in terms of transparency, reporting, and strategic execution.

1.4 However, the government has found a number of insightful international analyses that have provided valuable lessons on areas where it can go further, and which will represent improvements in its reporting. It has decided to integrate these insights into its approach, to bolster current practices, and remain at the forefront of global best practice. The government will report further on its approach in the DMO's Annual Review, which is usually published in the summer.

1.5 With regards to retail financing, HM Treasury and National Savings and Investments (NS&I) routinely use the 'Value Indicator' (VI) in setting NS&I's annual Net Financing target and interest rates on products, monitoring how it evolves throughout the year.

1.6 HM Treasury and NS&I considered a series of alternative metrics that could be used to complement the VI in 2024. Along with VI, NS&I now also routinely track:

- the value against the retail savings market, which instead of comparing to the gilt market compares to retail products, and
- Implied Interest Rate (IIR) which looks at interest paid against closing stock balance to give an overall implied interest rate.

These are recorded on the monthly scorecard and provided to NS&I's Retail Pricing Committee to help inform pricing decisions. However, it was concluded that the VI remains most effective for the purposes of comparing the two main ways government has to borrow. Both organisations will keep under review how other metrics may be actively used alongside VI.

1.7 More broadly, NS&I's published Service Delivery Measures (SDM) include an 'efficient administration of funds ratio' that measures the costs of managing each £100 of funds held. For 2024-25, NS&I is forecasting to achieve the target of less than 7.2p.

3. PAC conclusion: The Treasury and the DMO lack the information needed to better identify unlawful activity and understand the risks posed by overseas investors, potentially reducing the value for money from future gilt sales.

3a. PAC recommendation: The Treasury, together with the DMO, should write to us, within two months of the conclusion of the CMA's investigation, outlining what steps they will take to address the information gaps around identifying potentially unlawful activity, including:

- ***The changes the Treasury will make to its gilt selling process in response to the CMA's investigation;***
- ***Undertaking a formal review of the DMO's gilt selling process to identify any additional changes that could further limit the possibility of collusion, including the information it collects to help monitor unlawful activity.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: To be advised

3.2 As the Competition and Market Authority's (CMA) investigation has now concluded, HM Treasury, together with the DMO, will write to the Committee with this information within two months of the CMA releasing its detailed findings. The government will further look to inform the Committee with more information on timing in the future, subject to this being made available by the CMA.

Sixteenth Report of Session 2023-24

HM Revenue & Customs

HMRC performance in 2022-23

Introduction from the Committee

HMRC employs around 64,000 people and is responsible for administering the UK's tax system. For 2022–23, 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 2022–23, HMRC reported £814.0 billion of tax revenues, an increase of £82.9 billion (11.3%) compared with 2021–22. HMRC estimates the tax revenue generated from its tax compliance activities (compliance yield) in 2022–23 was £34 billion, up 10% compared with 2021–22 (£30.8 billion). It estimated the tax gap (the difference between the amount of tax that should, in theory, be paid to HMRC, and what is actually paid) to be £35.8 billion, or 4.8% of total theoretical liabilities (£739.3 billion) in 2021-22, the latest year available. HMRC paid out £34 billion in 2022–23, including £8.8 billon of Personal Tax Credits and £11.6 billion of Child Benefit. As part of administering the tax system HMRC is also responsible for managing tax reliefs, including the research and development reliefs available to businesses.

Relevant reports

- NAO report: HM Revenue & Customs 2022-23 Accounts
- PAC report: HMRC Performance in 2022-23 – Session 2023-24 (HC 76)
- Treasury Minute: April 2024 (CP 1070)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1070 above), the remaining recommendations are updated below.

2. PAC conclusion: While we recognise the progress HMRC is making to tackle tax debt, we are concerned that it should have sufficient checks to protect taxpayers from being pursued too forcefully.

2. PAC recommendation: HMRC should:

- ***establish a clear, easily accessible route for taxpayers to report issues they face when dealing with debt collection agencies working on behalf of HMRC; and***
- ***report back to the Committee with a summary of any issues raised and how HMRC has dealt with them.***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented: September 2024

2.2 HMRC has been using private sector Debt Collection Agencies (DCAs) since 2009 to provide extra capacity. HMRC publishes information on the DCAs it uses and the activities they undertake on GOV.UK.

2.3 At all times, DCAs collecting tax debts are acting for HMRC and are expected to meet standards of service set by the department. Taxpayers who have concerns about the service they receive from a HMRC DCA can raise a complaint with HMRC through the department's established complaints procedure. HMRC will then recall the debt from the DCA while it considers the complaint. Separately, each DCA has in place its own complaints procedure and includes details on its website. Less than 0.1% of debts placed with DCAs generate a complaint.

2.4 Though complaints about HMRC DCAs are very rare, HMRC is committed to ensuring guidance is as clear as possible. HMRC updated GOV.UK in August 2024 to provide more clarity about how taxpayers can raise a complaint to HMRC about a DCA's handling of their case.

2.5 In 2023-2024, HMRC's Debt Management Service received 4,944 complaints, 322 (6.5%) of which related to cases handled by DCAs. This relates to around 2.2 million debts that were placed with DCAs, compared with around 1.7 million debts in 2022-2023. 18% of DCA-related complaints were upheld by HMRC. In September 2024, HMRC wrote to the Committee with a summary of the issues raised by these complaints.

3. PAC conclusion: HMRC is not taking seriously enough the distress caused to innocent citizens when companies use the wrong address to register their business.

3a. PAC recommendation: We expect HMRC to take serious action against companies registering with the wrong addresses. HMRC should report back to the Committee on:

- ***the scale of the issue and the level of tax at risk;***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented: September 2024

3.2 There are many reasons why companies use addresses that are different from their business address for correspondence or registration purposes, which may be legitimate and not fraud- or tax-related. Evidence indicates that criminals are less likely to use an unconnected person's address, as opposed to an address they control, when registering with the intent of carrying out tax fraud. This is because the true owner of the address is likely to alert HMRC when they start to receive correspondence for the unknown company.

3.3 Nevertheless, HMRC has processes in place to identify incorrect tax registrations and will take action where they are linked to incorrect addresses. For Corporation Tax, registration automatically flows through from Companies House registration data. Where use of an incorrect address is identified, the production of further correspondence to that address is blocked and the true owner of the address is notified where it is possible to do so. For Value Added Tax (VAT), registration applications from companies are subjected to identity validation/eligibility checks and HMRC sends confirmation to the business address provided, which should prompt the true owner of the address to contact the department if this is not the correct address for the business.

3.4 In September 2024 HMRC provided the Committee with a written update of its analysis of the tax risks associated with the hijacking of addresses for fraudulent purposes. The analysis concluded that there was no significant tax risk being created by this issue.

4. PAC conclusion: We are concerned that HMRC's approach to serious abuse is not deterring criminal activity sufficiently, while at the same time its approach to tackling IR35 is deterring legitimate economic activity.

4a. PAC recommendation: HMRC should:

- ***provide to the Committee further detail of the value of tax at stake in cases of criminal prosecutions in recent years;***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

4.2 HMRC is progressing work on this recommendation, with a view to publishing data showing the compliance yield arising from its criminal investigations in its 2024-25 Annual Report and Accounts.

4b. PAC recommendation: HMRC should:

- ***provide further explanation of how HMRC is using fewer prosecutions to achieve greater deterrence of egregious non-compliance.***

4.3 The government agrees with the Committee's recommendation.

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

4.4 HMRC has aligned this work with a previous Committee recommendation to review the deterrent effect of criminal investigations resulting in a prosecution. HMRC has completed an initial estimation model based on an extensive literature review of the available evidence, published information and insight from within HMRC. Given the scarcity of quantitative estimates, the Department is now working to increase confidence in their modelling approach through additional consultation across government departments and academia. As HMRC indicated in its letter to the Committee, it intends to provide its conclusions to the Committee this spring.

5. PAC conclusion: HMRC has been too slow to identify the scale of error and fraud in research and development tax reliefs and its approach to tackling offenders does not sufficiently target those committing serious fraud over those making honest mistakes.

5. PAC recommendation: Now that it understands the true scale of error and fraud, HMRC should ensure it goes back over previous years. This should involve:

- ***going back sufficiently far to tackle egregious fraud; and***
- ***telling those businesses who made honest mistakes to correct their returns or risk investigation.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented: December 2024

5.2 HMRC seeks to prevent or recover payment of research and development (R&D) tax relief where it was not claimed in accordance with the law. All claims go through a risk screening process and new requirements to submit claims electronically and provide additional information are enabling HMRC to risk assess large volumes of claims in an automated way and target interventions on higher-risk claims.

5.3 HMRC opens enquiries within legislative time limits. In the majority of cases, adjustments for incorrect R&D claims will be limited to claims investigated within the normal time limit of 12 months from the date the claim is submitted. However, HMRC does consider raising assessments outside of this normal time limit where relevant legislative conditions are met, including where there is evidence of deliberate non-compliance. Where there is evidence of deliberate non-compliance HMRC can look back up to 20 years to address this.

5.4 At Autumn Budget 2024, the government confirmed an R&D disclosure facility would be launched by the end of the year. The R&D Disclosure Facility went live on 31 December 2024. The facility has been designed to make it easier for customers or agents to inform HMRC if they may have overclaimed, or claimed in error and are out of time to amend their tax return. It gives customers the opportunity to come forward and put things right themselves rather than awaiting HMRC intervention. HMRC explained the update to the target implementation date in its September 2024 letter to the Committee.

Seventeenth Report of Session 2023-24

Cabinet Office, HM Treasury

Cabinet Office functional savings

Introduction from the Committee

The first government functions were formally established in 2013. They are groups of professionals who work across government to provide expert skills in areas such as procurement, major project delivery and finance. Through their work, functions seek to increase the efficiency of the work undertaken by government. By October 2023, there were 14 functions across government. In the 2021 Spending Review, HM Treasury set multi-year budgets for departments, encouraging them to achieve savings of approximately 5% on their "day-to-day" budgets by 2024–25. The Cabinet Office is responsible for ensuring that the functions provide data on their efficiency savings, for verifying the data provided, and reporting on the overall annual efficiency savings made across government. The Government Internal Audit Agency (GIAA) is responsible for assuring the claimed savings before publication, by assessing the methodologies used. The Cabinet Office started measuring and reporting on the financial efficiency savings and wider benefits made by the functions in 2021. So far, it has reported that functions, departments and other central bodies achieved £3.4 billion of cash-releasing savings in 2020–21, and £3.4 billion of cash-releasing savings and £1.0 billion of non-cash-releasing savings in 2021–22.

Relevant reports

- NAO report: Cabinet Office functional savings – Session 2022-23 (HC 1865)
- PAC report: Cabinet Office functional savings – Session 2023-24 (HC 423)
- Treasury Minute: April 2024 (CP 1070)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1070 above), the remaining recommendations are updated below.

1. PAC conclusion: Reporting on efficiency across government is essential to enable government to make effective decisions about where to spend public money.

1b. PAC recommendation: After reviewing the first sets of departmental reporting using the new Efficiency Framework, HM Treasury should set a timetable for when departments will report these savings in their annual report and accounts, including determining, in consultation with the National Audit Office, what assurance arrangements these figures will be subject to.

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: to be advised
Original target implementation date: end April 2025

1.2 HM Treasury intends to fully update its approach to efficiency and its expectations as part of its Spending Review in June.

1.3 HM Treasury will write to the Committee by April of 2025 with further information and to set out further plans for the Spending Review.

2. PAC conclusion: Different functions are still at different levels of development, and different levels of maturity in their approaches to calculating and reporting savings.

2a. PAC recommendation: Cabinet Office should, within six months, take stock of the different functions to understand their respective progress, and outline how it will support those who need remedial action to improve.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

2.2 The Cabinet Office provided an update on this recommendation to the Committee on 24 December 2024. This sets out ongoing work to support functions on the approach to calculating and reporting savings. The Technical Note of the Functional Savings publication for 2022-23 sets out the respective methodologies used to calculate savings.

2b. PAC recommendation: By the end of 2024, the Cabinet Office should publish a balanced scorecard for each function which includes savings of all types made by the functions.

2.3 The government agrees with the Committee's recommendation.

Target implementation date: end June 2025

2.4 The Cabinet Office will publish further details, for functions, showing the range of savings, benefits, and other performance measures as appropriate. Publication of this information is expected to be by the end of June 2025. The revised publication date is due to delays to the 2022-23 audit and publication (which was published on 30th January 2025), a reassessment of the future of functional savings in the context of the Autumn 2024 Budget, and a decision to monitor the functional contribution to whole-of-government savings targets.

3. PAC conclusion: Cabinet Office and HM Treasury do not have a full picture of the performance of functions.

3. PAC recommendation: As part of the Treasury Minute response, the Cabinet Office should set out how it will work with functions to develop consistent methodologies that report the totality of the costs, benefits and savings delivered by functions, using metrics that can be compared across time and different areas of government.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: by December 2025

3.2 The functions' respective methodologies for measuring and reporting efficiency savings reflect the diversity of functional activity undertaken in their respective areas. These methods range from release of cash (commercial), efficiencies baselined against projected scenarios (communications), fraud prevention, detection and recovery (counter fraud) to cash collected over business as usual (debt).

3.3 The Government Efficiency Framework (GEF) will drive consistency in the way that government departments measure and report efficiencies. The GEF sets out what efficiency is, how it should be categorised, and best practice in gathering high quality information to measure and report efficiencies.

3.4 Since the last update to the Committee, the Cabinet Office and HM Treasury are continuing to work together as the GEF is adopted by departments and functions.

3.5 Through the adoption of the GEF, all efficiencies will be required to be reconcilable to departmental budgets and as such will avoid double counting of efficiencies by requiring common and comparable baselines.

4. PAC conclusion: Cabinet Office and HM Treasury have not ensured that functions have fully reported the efficiencies they achieve.

4a. PAC recommendation: The Cabinet Office and HM Treasury should set out what the targets are that functions are working towards in the next functions' savings exercise.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: end June 2025
Original target implementation date: end October 2024

4.2 The Cabinet Office provided an update on 24 December 2024 to the Committee on this recommendation. It outlined the Cabinet Office's focus on working with the functions to ensure functional efficiencies are reported in accordance with the GEF reporting requirements, and gave a change of delivery date due to a reassessment of functional savings reporting in the Autumn 2024 Budget. This recommendation has therefore been merged into recommendation 2b, expected to be delivered in June 2025.

4.3 Following the 2% departmental productivity, efficiency and savings target for 2025-26, the approach for 2026-27 onwards will be confirmed at the forthcoming spending review. The Functions will support departments to deliver agreed efficiency/savings plans.

4b. PAC recommendation: Once the new targets have been set, the Cabinet Office and HM Treasury should work with all the functions to more robustly test the amount and scale of savings they report, and challenge functions to report wider savings where necessary.

4.4 The government agrees with the Committee's recommendation.

Target implementation date: end June 2025

4.5 The Cabinet Office is working to ensure functions report savings which contribute to the cross-government efficiency target. The Cabinet Office will use the new targets to encourage Functions to identify robust savings that are able to meet rigorous GIAA standards, and report back to the Committee by June 2025.

5. PAC conclusion: Cabinet Office and HM Treasury have not finalised how they will manage the risks of double-counting and cost-shunting.

5a. PAC recommendation: HM Treasury and the Cabinet Office should incorporate into the 2023–24 efficiencies exercise:

- ***Examples of best practice on calculating, recording and reporting of savings with departments and functions;***
- ***Clearer guidance on how to avoid cost-shunting and double-counting, as well as any other adverse effects.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: end June 2025

5.2 The Cabinet Office will include case study examples of best practice for the 2023-24 efficiency and savings return guidance, showing how savings were calculated, recorded and reported.

5.3 The Cabinet Office will also provide guidance to functions on how to avoid cost-shunting and double-counting, with examples. The Cabinet Office will report back to the Committee in June 2025.

5.4 Since the last update to the Committee, the Cabinet Office is continuing to work with functions on revised guidance on the reporting of financial benefits.

5b. PAC recommendation: By the end of 2024, the Cabinet Office and HM Treasury should report back to the Committee on what assurance they have received from departments that the savings claimed have not led to costs elsewhere in government.

5.5 The government agrees with the Committee's recommendation.

Recommendation implemented: December 2024

5.6 Cabinet Office and HM Treasury wrote to the Committee on 24 December 2024 regarding this recommendation.

5.7 The letter explained that implementation of the GEF provides additional checks and balances against both cost shunting and double counting. In adopting the GEF both departments and the cross-government functions agree to adhere to its definitions that an efficiency should not push costs elsewhere in the public sector and be scored once to avoid double counting.

5.8 Current reporting to HM Treasury against the GEF requires management assurances that definitions have been applied, consistent with sharing of other spending-related data and management information between departments and HM Treasury.

Nineteenth Report of Session 2023-24

Ministry of Defence

MoD Equipment Plan 2023 - 2033

Introduction from the Committee

The Ministry of Defence (the MoD) has published its Equipment Plan (the Plan) each year since 2012, setting out its 10-year spending plans on equipment procurement and support projects. The MoD's 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 (NAO) publishes a report examining the MoD's assessment of the Plan's affordability and its response to the financial challenges it faces.

This year's Plan, which is based on financial data at 31 March 2023 and was published in December 2023, covers the period from 2023 to 2033. It contains forecast costs for some 1,800 equipment projects that the MoD has chosen to fund following the 2021 Integrated Review of security, defence, development, and foreign policy and the associated Defence Command Paper. Both the Integrated Review and the Command Paper were refreshed and broadly endorsed by the government in 2023. The Plan includes equipment in early-stage development, equipment that is already in use and budgets to support and maintain military capabilities.

The MoD has allocated a budget of £288.6 billion to the current Plan's 10-year timeframe. This is £46.3 billion more than the MoD allocated in the 2022–2032 Plan and is 49% of the entire 10-year forecast defence budget. However, forecast costs have increased by £65.7 billion to £305.5 billion, resulting in a £16.9 billion deficit between the MoD's capability requirements and the budget available to provide them. This is the largest affordability gap in any of the 12 Plans published by the MoD to date. Based on a report by the National Audit Office, the Committee took evidence on 22 January 2024 from the Ministry of Defence. The Committee published its report on 8 March 2024. This is the government's response to the Committee's report.

Relevant reports

- NAO report: The Equipment Plan 2023–2033 – Session 2023-24 (HC 315)
- PAC report: MoD Equipment Plan 2023–2033 – Session 2023-24 (HC 451)
- Integrated Procurement Model: driving pace in the delivery of military capability - 28 February 2024
- Treasury Minutes: May 2024 (HC 451)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (HC 451 above), the remaining recommendations are updated below.

2. PAC conclusion: The Plan is inconsistent because some parts of the Armed Forces include the costs of all capabilities that the government expects them to deliver, while others only include those they can afford.

2. PAC recommendation: In future Plans, the MoD should ensure that all budget holders adopt the same approach to including forecast costs. This will help the Plan to achieve its aim of providing a reliable assessment of the affordability of its equipment programme, and improve transparency so allowing the Plan's users, including Parliament, to compare contributors' positions on a like-for-like basis.

2.1 The government agrees with the Committee's recommendation.

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

2.2 All Top-Level Budget Holders (TLBs) already operate within the same standardised financial planning processes. The department's operating model, where responsibility for managing the equipment plan is delegated to TLBs, acknowledges that they have different financial positions and carry a balance between capability and financial risk.

2.3 The government is committed to improving transparency, including around affordability and financial management. The department is currently developing proposals for a more useful report on the department's spending plans following clarity on its equipment programme upon completion of the Strategic Defence Review (SDR).

4. PAC conclusion: Uncertainty about the MoD's future demand for equipment hinders its work with industry to develop a resilient, responsive, and cost-effective supply chain.

4. PAC recommendation: In order to build industry's confidence to invest in supply chain capacity, the MoD should develop and communicate clear and funded schedules of work for the procurement and support of its military equipment.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

4.2 The department agrees with the need to provide a clearer signal to industry on future demand. The department is committed to providing greater certainty in procurement processes and through the Defence Industrial Strategy (DIS) the department will create the conditions necessary to incentivise investment. The department will engage industry earlier in the procurement process to provide the defence sector, their investors and non-traditional suppliers with the certainty of our demand signal that will stimulate long term investment and crowds-in private finance.

4.3 The Statement of Intent for the DIS, published on 2 December 2024, set out a commitment to prioritise UK businesses for investment, provide certainty and stability and boost sovereign capacity. To achieve this, the department will review procurement and acquisition processes to ensure they deliver the capabilities defence requires now and in the future whilst reducing waste, supporting growth, and ensuring compliance with its obligations under our international trade agreements.

4.4 The department is also working with industry to improve its approach to Market Engagement, bringing industry into the fold much sooner, from the conception and development of ideas through to the final stages of delivery and are involving industry at all levels earlier in the military capability development processes. The department is working to ensure there is a collaborative technical environment, operating at secret levels of classification, to share information with industry in a much more dynamic way.

4.5 The Defence Industrial Strategy will be published in Spring 2025.

5. PAC conclusion: The MoD’s strategy for replacing ageing capabilities is undermined by the slow delivery of new systems, resulting in military capability gaps.

5. PAC recommendation: The MoD should include in next year’s Plan an assessment of what impact its new procurement strategy has had on improving the delivery of new capabilities and set out how this will provide continued improvement going forward.

5.1 The government agrees with the Committee’s recommendation.

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

5.2 This work is now being taken forward as part of the wider defence and acquisition reforms announced by the Defence Secretary in October 2024, including the establishment of a new National Armaments Director role to oversee the delivery of military capabilities and will be further developed following the Strategic Defence Review and wider Defence Reform initiatives As part of this the department has made good progress with design, testing and implementation of the key features of the reformed model announced in February 2024.

5.3 Programmes including the Navy’s Mine Hunting Capability, delivering Maritime Autonomous Systems, and the Light Mobility Vehicle programme providing land fleet vehicles across Defence, are already benefiting from Spiral acquisition approaches, and a review across the defence portfolio has identified further opportunities to apply Spiral acquisition to drive pace. This is supported by updated guidance and briefings to increase knowledge and use of Spiral approaches.

5.4 New Commercial Pathways to support different procurement approaches are in place (Spiral, Urgent, Design to Cost) or due for completion by the end of March 2025 (Low Complexity Procurement, Digital and Technology).

5.5 The Defence Supply Chain Capability Programme has made good progress in delivering improvement to MOD’s Supply Chain intelligence, design and management capabilities against the strategic priorities of Supply Chain resilience and development of a fit for purpose supplier ecosystem.

5.6 Since April 2024 Strategic Command’s Integration Design Authority (IDA) has delivered a further 19 Integration Maturity Assessments for major programmes, building on six assessments previously undertaken since stand up of the IDA in January 2023. It has also conducted two Integration Audits and supported numerous Defence Capability Audits to generate insights and inform investment decisions. Continued implementation in 2025 will provide independent early interventions to shift Defence towards end-to-end effects-based capability design and development, identifying gaps and exploiting opportunities to enable better choices for Defence.

6. PAC conclusion: The MoD is becoming increasingly reliant on the UK’s allies to protect the UK’s national interests, which carries the risk that such support might not always be available.

6. PAC recommendation: The MoD should assess the extent to which its capability requirements are reliant on support from the UK’s allies and develop mitigations for how it would manage the risk of allied support being curtailed or withdrawn.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

6.2 The department's initial response still stands. The Committee will be aware that the Strategic Defence Review is underway. The SDR will include an examination of the balance between sovereignty and burden-sharing with allies.

Twentieth Report of Session 2023-24

HM Treasury, Cabinet Office

Monitoring and responding to companies in distress

Introduction from the Committee

The government relies in various ways on private companies to support policy objectives and deliver some public services. Government departments are responsible for managing the relationship with companies and suppliers in their sectors, and for monitoring the risks to their policy objectives including any risks related to company failure or distress. Where failure of a strategically important company or key supplier could expose the government, taxpayers or service users to high levels of risk, the government sometimes decides it is necessary to intervene. This might involve supporting the company and preventing it from failing, rescuing it, or managing the situation so it does not fail in a disorderly way. Government intervention in private companies and markets can be complex and requires access to specialist skills not held widely across government. Many government bodies, including regulators and central government, may also need to be involved in resolving the situation and managing any wider effects.

Relevant reports

- NAO report: Lessons learned: Monitoring and responding to companies in distress – Session 2022-23 (HC 1866)
- PAC report: Monitoring and responding to companies in distress – Session 2023-24 (HC 425)
- Treasury Minute: May 2024 (CP 1085)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1085 above), the remaining recommendations are updated below.

4. PAC conclusion: We are concerned that accounting officers may not always be equipped to protect taxpayers' money when making decisions on intervention in these fast-paced, high-pressure situations.

4. PAC recommendation: HM Treasury should set out in the Treasury Minute response what it is doing to support accounting officers to discharge their duties and protect taxpayers' money over the course of any company intervention. This should include any training activity and ways in which it is sharing and embedding the NAO's good practice guidance.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented: September 2024

4.2 The government's previous response to the Committee highlighted a range of advice and support which is available to Accounting Officers on these issues. This includes written HM Treasury guidance such as Accounting Officers' Assessments Guidance, Survival Guide, and Managing Public Money, guidance from the Cabinet Office Commercial team, and support from specialist teams in HM Treasury and UK Government Investments (UKGI) and the Department for Business and Trade.

4.3 While it is departments' responsibility to monitor interventions, HM Treasury will often place conditions on spending approvals that appropriate follow-up work is conducted over the life of an intervention.

4.4 The Second Permanent Secretary of the Treasury regularly writes to departments to draw their attention to the principles and processes for intervention on company cases. This is supplemented by detailed guidance circulated by HM Treasury's Special Situations team. The National Audit Office's report provided a timely opportunity to further highlight guidance for dealing with distressed companies. In September 2024, HM Treasury re-issued information across departments and Accounting Officers, summarising the Business Engagement Process (BEP) and including the NAO's Good Practice Guide.

4.5 This recommendation was implemented in September 2024 (rather than July 2024 as previously planned) due the General Election and need to consult new ministers before issuing guidance to departments.

5. PAC conclusion: The Cabinet Office has not assessed or coherently identified the skills and expertise needed for monitoring and responding to companies in distress.

5. PAC recommendation: The Cabinet Office Commercial Function should set functional standards for monitoring and responding to companies in distress. As part of this process, the Function should write to the Committee within six months, explaining:

- ***The skill requirement across government for monitoring and responding to companies or suppliers in distress;***
- ***The current level of these skills and expertise across government and where gaps exist;***
- ***How the Commercial Function plans to close the gaps identified; and***
- ***How the Commercial Function will ensure departments know where, how and when to access support.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

5.2 The Government Commercial Function is working with the Risk Centre of Excellence in the Government Finance Function, UKGI and Treasury's Special Situations Team to look at a more targeted approach to develop the skills required across government for monitoring and responding to companies or suppliers in distress.

5.3 There are a number of professional standards against which contracting authorities can choose to benchmark their commercial capability including the Commercial Continuous Improvement Assessment Framework produced by the Government Commercial Function with NHS England, and the National Procurement Strategy Toolkit produced by the Local Government Association.

5.4 The new National Procurement Policy Statement will state that departments should benchmark their organisational capability and workforce capacity to ensure they have the appropriate procurement and contract management skills and capacity necessary to deliver value for money.

5.5 As part of the go live for the Procurement Act 2023, capability building documents are in the process of being updated, including the Government Commercial Functional Standard referenced guidance regarding the monitoring of the financial standing of suppliers and guidance regarding identifying and responding to financial distress. These documents provide signposts to further support.

5.6 The Department for Business and Trade (DBT) is reviewing its existing horizon scanning arrangements and streamlining insights into business and sector vulnerabilities across relevant sectors. This includes working with HM Treasury and other Lead Departments to share market intelligence and lessons learned from the previous company distress cases. DBT's Special Situations and Economic Shocks team has been recently refreshed and capacity expanded to continue building a cross-cutting centre of excellence within DBT. It will develop dedicated economic shocks guidance and a capability offer.

6. PAC conclusion: It is vital that the government evaluates and shares the lessons from these cases on a timely and consistent basis, regardless of whether the case resulted in government intervention.

6. PAC recommendation: HM Treasury should set out in its Treasury Minute response how it will update its approach to evaluating company distress cases (including those that have not resulted in government intervention), and how lessons are shared across sectors. Alongside its Treasury Minute response HM Treasury and UK Government Investments should also provide some examples of lessons learned reports or evaluations from recent cases.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented: September 2024

6.2 The government agrees with the Committee on the importance of evaluation. Lead government departments are responsible for evaluating interventions for the sectors they lead on. To ensure best practice and learning is applied when considering interventions in different sectors, the centre of government, including UKGI, HM Treasury's Special Situations team and Cabinet Office, acts as a source of central expertise to support departments drawing on experiences of previous company distress cases.

6.3 To date, evaluation of company cases has not been formalised. This is an area for potential improvement and the relevant teams from HM Treasury, Cabinet Office, UKGI and the Department for Business and Trade will meet quarterly to reflect on learning from recent cases, providing training and cascading themes across government.

6.4 As outlined in response to recommendation 4, HM Treasury reissued guidance to departments and Accounting Officers in September 2024. This guidance provided the NAO's Good Practice Guide, which includes a section on how departments should evaluate interventions to ensure accountability, effective decision-making and learning for future scenarios.

6.5 This recommendation was implemented in September 2024 (rather than July 2024 as previously planned) due the General Election and the need to consult new ministers before issuing guidance to departments.

Twenty-first Report of Session 2023-24

Department for Levelling Up, Housing and Communities

Levelling up funding to local government

Introduction from the Committee

The Department for Levelling Up, Housing & Communities, or DLUHC ("the Department") has a lead role in Levelling Up funding, which forms a key part of the government's levelling-up agenda to reduce geographic inequality by targeting a broad range of economic and social measures across the UK. There are three significant funds to support local places:

- Towns Fund – consisting of Town Deals and the Future High Streets Fund (England only);
- Levelling Up Fund (UK wide); and
- UK Shared Prosperity Fund (UK wide).

Each of the funds started in different years and have different end dates by which government funds needs to be spent, but all funding must be spent by 31 March 2026. Between them, these funds will allocate up to £10.47 billion to be spent during the period 2020–21 to 2025–26. As of December 2023, the Department had given out £3.7 billion to local places. The Levelling Up Fund and the UK Shared Prosperity Fund involve several other government departments in aspects of their design and delivery. All three funds have overlapping investment themes around regeneration, culture and transport, but the Department allocated funds in different ways. Some funds were allocated by a competitive process after local authorities had submitted bids: this includes the Future High Streets Fund and Rounds 1 and 2 of the Levelling Up Fund. Round 3 of the Levelling Up Fund was allocated exclusively to some of the unsuccessful bids from Round 2, rather than being open to new bids, which was the Department's original intention. The Town Deals were offered to 101 selected towns. The UK Shared Prosperity Fund was allocated to places based on a formula. The Levelling Up Fund and Towns Fund are supporting more than 1,300 individual projects between them, while the UK Shared Prosperity Fund is supporting more than 3,000 projects.

Relevant reports

- NAO report: Levelling up funding to local government – Session 2023-24 (HC 191)
- PAC report: Levelling up funding to local government – Session 2023-24 (HC 424)
- Treasury Minute: May 2024 (CP 1085)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1085 above), the remaining recommendations are updated below by the Ministry of Housing, Communities and Local Government (formerly the Department for Levelling Up, Housing and Communities).

4. PAC conclusion: We welcome the intentions to simplify the funding system, but the Department has more to do to implement its plans.

4. PAC recommendation: In its Treasury Minute response, the Department should update us on the progress with simplification including its work with other government departments and progress with the ten simplification pilots. In the future, it should update the Committee by letter once every six months of further developments in this regard, along with the costs and benefits (both to the Department and local authorities) arising from greater simplification.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

4.2 Since the publication of this report, new work is in train to accelerate simplification as part of this government's reset of the relationship with local government.

4.3 The government's intention, backed by local authorities, is to have fewer individual funds, more use of allocation over competition, less burdensome reporting requirements, and substantially greater autonomy for LAs to deliver against local needs.

4.4 This is in line with the approach set out in the Devolution White Paper and will contribute to delivering the new cross-government missions.

4.5 The department is therefore looking, in the context of the forthcoming Spending Review, at how best it can reform the local growth funding landscape, integrating lessons learned, to move towards a more devolved, flexible, and simplified approach to funding.

4.6 In parallel, the department is making it easier to deliver current funds, simplifying what it asks local authorities for across different funds, aligning reporting frequency and using simplified indicators and monitoring returns.

4.7 Changes will be introduced this year. The Government Internal Audit Agency will be asked to review developing plans as they emerge.

4.8 While the objective is to simplify, the department will make sure that where government has confirmed funding for places, the investment being delivered remains relevant, viable, achieves the intended outcomes, and offers value for money.

5. PAC conclusion: The Department is providing focused support to some local authorities with project delivery, but it remains to be seen how the Department will use any learning from these activities to support all local authorities.

5. PAC recommendation: The Department should set out in its Treasury Minute response the lessons it is learning from its local support work and how it will disseminate the lessons to all local authorities.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

5.2 The department is reflecting on lessons learned and will share intelligence with local stakeholders to support the successful delivery of growth funding as new funding plans are being developed.

5.3 As the department prepares for the next spending review, the focus will be on ensuring that its plans are married with the required level of support at the local level.

5.4 With a streamlined funding system and more devolution deals, the department recognises that capacity and capability will need to provide flexible and long-term certainty up front to equip local authorities to foster local growth.

5.5 The department is also working with the Delivery Associate Network providers to gather learning about current need, skills requirements and what worked well under this contract, which ends in 2025.

5.6 The department will encourage local authorities to use existing networks like the Local Government Association to share best practice with each other but does not see a coordinating role for central government.

6. PAC conclusion: We recognise the Department's plans to evaluate these funds in the short-term, but we are concerned it has no long-term plans to measure the impacts.

6. PAC recommendation: In its Treasury Minute response, the Department should:

- ***update us on its progress with evaluation and provide us with regular updates thereafter; and***
- ***update us on how it will ensure it has the right data and how it will carry out evaluation over the long-term to assess whether the investments have led to sustained improvement.***

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

Target implementation date: December 2025

6.2 The department remains committed to working with stakeholders to evaluate the long-term impact of local growth funding to help shape future policy.

6.3 The Towns Fund and Levelling Up Fund have published feasibility studies and interim process evaluations. The UK Shared Prosperity Fund has also published a feasibility study and early insight reports for the intervention level evaluation. The department is proactively engaging with academics and learning from these evaluations.

6.4 The department also commissions external experts to support evaluation workstreams, for example exploring methodologies that can be used to robustly measure the impacts and value for money of these programmes. These reports will be published for transparency and awareness of what works well.

6.5 This government has already drawn significant lessons from previous design and delivery models. These insights are shaping the department's forward approach as it transitions to a more devolved and flexible funding model. Plans are in train to reduce the number of funds, use allocation over competition, introduce less burdensome reporting requirements and give LAs autonomy to deliver against local needs.

6.6 The resources for evaluating the long-term success of existing and future local growth funding will be determined during the second phase of the Spending Review 2025.

6.7 The following published documents demonstrate the department's commitment to ensuring evaluations are aligned with policy development and are robust, proportionate and timely:

- The department's evaluation strategy published in 2022
- The department's repository of local growth evaluations

Twenty-second Report of Session 2023-24

Department of Health and Social Care

Reforming adult social care in England

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 Department for Levelling Up, Housing and Communities (DLUHC) oversees the distribution of funding to local government and the financial framework within which local authorities operate. The Care Quality Commission (CQC) regulates registered care providers for quality, and since April 2023 has responsibility for assessing how well local authorities are meeting their duties under the Care Act. State funded care is funded by local authorities, who coordinate with local health systems through Integrated Care Systems (ICSs). In 2022–23, local authorities supported more than one million people with care needs, at a cost of £23.7 billion. As at Autumn 2023, there were 470,476 people awaiting an assessment of their needs, care or direct payments to begin or for a review of their care plan. Most local authority care is commissioned from nearly 18,000 independent providers, who also provide care to people who arrange and pay for their care privately, as local authority support is means-tested. The sector employs around 1.6 million people and as at March 2023 there were 152,000 vacancies (9.9% vacancy rate), with the number of jobs in care expected to increase in future years.

In 2021, the department published a white paper setting out a 10-year vision for adult social care. Government committed £5.4 billion funding to reform the sector including £3.6 billion to introduce changes to the way people pay for care (charging reform) and £1.7 billion for wider reform to the system (system reform). In 2022 the department reprioritised some of this funding to help ease immediate pressures, including delaying charging reform by two years to October 2025. In April 2023, government published revised plans for system reform, which scaled back its short-term plans to £729 million over the period 2022-23 to 2024-25.

Relevant reports

- NAO report: Reforming adult social care in England – Session 2023-24 (HC 184)
- PAC report: Reforming adult social care in England – Session 2023-24 (HC 427)
- Treasury Minute: May 2024 (CP 1085)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1085 above), the remaining recommendations are updated below.

1. PAC conclusion: It is far from clear if Integrated Care Systems are making a demonstratable difference to adult social care delivery.

1. PAC recommendation: In its Treasury Minute response, the department should set out what is doing to:

- ***bring together its performance and inspection data relating to adult social care (from Integrated Care Systems and other sources); and***
- ***ensure that these data are accessible, publicly available and enable people to i) assess whether patients are getting better outcomes in their areas and ii) allow the public to make comparisons between different areas***

1.1 The government agrees with the Committee’s recommendation.

Recommendation implemented: June 2024

1.2 In Integrated Care Systems (ICSs), the National Health Service (NHS), local government, social care providers and other organisations work together to provide joined-up care and improved outcomes.

1.3 Through new Care Quality Commission (CQC) assurance of local authorities (LAs), CQC are drawing on data and evidence to independently assess how well LAs are delivering their duties under Part 1 of the Care Act 2014. CQC’s local authority assessments began in December 2023, bringing together performance and inspection data relating to adult social care in their assessment of LAs (this includes evidence gathered from across a LA’s health and care partners). By February 2025, CQC had started assessments in over 100 LAs and published over 20 reports, allowing the public to understand and compare local authority performance These assessments make use of improving national datasets.

1.4 The department’s client level data set will provide deeper insights into services provided and organised by LAs and into the commissioning of services. The department has started to publish this data quarterly, including, from March 2024, new data on numbers of people receiving long-term support and, from January 2025, numbers receiving care assessments.

1.5 Through new CQC assurance of ICSs, CQC will draw on data and evidence to independently assess how well ICS partners are meeting the health and adult social care needs of their populations. Following the Dash Review into CQC’s operational effectiveness (which reported in October 2024), the Secretary of State agreed that work on CQC’s ICS assessments should be paused. CQC and the department are considering next steps.

5. PAC conclusion: Long-awaited workforce reforms are way behind schedule and too dependent on a ‘novel’ payment system

5. PAC recommendation: The department should in its Treasury Minute response to this report:

- ***confirm which of the workforce reform projects depend on this payments system and update us on progress with each; and***
- ***update the Committee on progress with the payments system (including any updates to the RAG rating and implementation date) and when it expects the workforce initiatives that depend on it to start to have an impact.***

5.1 The government agrees with the Committee’s recommendation.

Recommendation implemented: September 2024

5.2 The department can report that the Learning and Development Support Scheme (LDSS) hosted by the NHS Business Service Authority launched in September 2024.

5.3 The system was originally scheduled to launch in June 2024 under the name Adult Social Care Training and Development Fund but was discontinued following the General Election. Subsequently there was significant reduction to funding available for Adult Social Care (ASC) workforce initiatives from £99 million (financial year 2024-25). The scope was revised and the scheme partially redesigned. The fund value now available to the sector through the scheme is £12 million.

5.4 The Level 2 Social Care qualification was published earlier this year and can be claimed for via the newly launched LDSS. Ringfencing for this qualification has been removed.

5.5 As of 14 February 2025, there had been 1,779 applications from care providers to on-board the LDSS payment system; 6,988 claims had been submitted and 4,580 of these approved with a value of £2,496,839. There has been steady growth in uptake of the scheme since its launch and the rate of growth is expected to continue to increase.

5.6 Further digital development is underway and running to schedule. These will maximise access to the service, speed up claim acceptance rates and improve fund distribution.

5.7 Delivery of a communications and demand management strategy continues, with considerable on-going engagement of the Adult Social Care sector, through various forums including national webinars and targeted surveys.

Twenty-third Report of Session 2023-24

Cabinet Office

Civil Service workforce: Recruitment, pay and performance management

Introduction from the Committee

There were 519,780 civil servants employed across the UK in March 2023. Departments are responsible for recruiting staff at grades below senior civil service (SCS) level, and for setting their pay and performance management arrangements. This creates challenges for efforts to tackle system-wide civil service workforce issues, such as speeding up recruitment or reducing the level of underperformance in the civil service, because these typically require concerted action to be taken across all departments.

The Cabinet Office has broad oversight of the civil service workforce as a whole and supports departments to manage workforce issues effectively. The Cabinet Office has set out its vision for the civil service in its Civil Service People Plan for 2024 to 2027. The People Plan aims to set a clear direction for the civil service over the next three years, focusing on five people priorities: learning, skills and capability; pay and reward; employee experience; recruitment, retention and talent; and a high-performing HR function.

Relevant reports

- NAO report: Civil Service workforce: Recruitment, pay and performance management – Session 2023-24 (HC 192)
- PAC report: Civil service workforce: Recruitment, pay and performance management – Session 2023-24 (HC 452)
- Treasury Minute: May 2024 (CP 1085)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1085 above), the remaining recommendations are updated below.

3. PAC conclusion: Most departments do not know how much it costs to recruit staff, or how they could be more efficient.

3a. PAC recommendation: By the end of 2024, the Cabinet Office should define a common cost per hire measure that includes the cost of all staff time spent on recruitment, and require all departments to report to it regularly on their full cost per hire.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented: November 2024

3.2 A set of consistent and comparable Civil Service recruitment measures were implemented for the 17 Whitehall departments in April 2024. Departments report these metrics to the Cabinet Office on a quarterly basis. One of these key metrics is Cost Per Hire (CPH).

3.3 The CPH metric asks departments to take account of internal costs (time and resource) and external costs (systems and outsourcing), divided by the number of appointments in the reporting period. Alongside the number of successful appointments made in the reporting period, departments are asked to monitor the number of failed campaigns that did not result in an appointment to provide insight into the volume of recruitment activity that does not yield a return on investment.

3.4 The data returned from departments on CPH is still maturing. Cabinet Office are analysing the narrative context provided by departments, which give details of the costs factored into their calculations. Cabinet Office are also working in partnership with departments to develop a calculator which will support the consistent reporting of CPH across the Civil Service. This will ensure that benchmarking to a comparable standard will be possible once returns on this measure have stabilised.

3b. PAC recommendation: The Cabinet Office should, within six months, share examples of efficient recruitment from within the civil service and external organisations, to encourage departments to identify improvements to their own recruitment processes.

3.5 The government agrees with the Committee's recommendation.

Recommendation implemented: Autumn 2024

3.6 To continue to test improvements to the Civil Service recruitment process, the Cabinet Office has been supporting the trialling of a number of 'Test-and-Learns' within departments. A first phase aimed to reduce time to hire, improve the quality and diversity of candidates and fill high priority posts in a cost-effective manner. Once impacts were measured, a report was published in May 2024 and shared with departments to highlight best practice. This was followed up with a showcase of test-and-learns in June 2024 which provided departments with the opportunity to consider how findings could be embedded within their own recruitment practices.

3.7 Examples of the findings of Phase One of test-and-learns include:

- improving the success rates of candidates with disabilities through interview questions in advance (DWP);
- mandating external candidate sessions to level the playing field in job applications within the Civil Service (HMT);
- reducing time to hire and gaining key digital skills through recruiting in one day in a specific location (MHCLG); and
- reducing the Time to Hire to 2 weeks through the adjustment of assessment methods, including the use of knockout questions and pre-recorded interviews (GDS).

3.8 Test-and-learns will progress in a phased approach, including evaluating impacts from previous phases, with future iterations continuing to identify ways to support highly talented candidates, streamline processes and make recruitment better.

3.9 The Cabinet Office has also standardised recruitment metrics on Time to Hire, Time to Fill, Cost Per Hire, Vacancy Holder Experience, Candidate Experience and Diversity. The reporting on these metrics is in its early stages. The Cabinet Office will set benchmarks and identify areas of best practice across the recruitment process through the analysis of this data and researching recruitment practice with external organisations.

3.10 As the metrics are reported on and best practice is identified, the Cabinet Office will define a set of recruitment standards to set expectations of how recruitment should be enacted in the Civil Service, to encourage improvements and ensure recruitment is carried out to the highest standard.

4. PAC conclusion: Chronic pay issues within the civil service have lowered morale and risk departments not being able to recruit and retain skilled staff.

4. PAC recommendation: In its forthcoming civil service pay and reward strategy, the Cabinet Office should clearly set out the specific actions it will take to address longstanding issues such as declining real-terms pay; variation between roles paid at the same grade; and disparities in pay between departments, including disparities in the use of performance-related pay and the risk of indirect discrimination.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2025
Original target implementation date: Winter 2024

4.2 The work on Civil Service Reward Strategy will develop a sustainable pay and reward framework to enable the Civil Service to attract and retain the best workforce possible in order for the government to deliver its missions, wider programme and deliver for the public. By 2030, it will set out approaches to address significant, long-standing, complex and entrenched issues that the absence of a unified strategy - aligned to other aspects of the workforce and reform priorities - makes it much harder to solve. This includes those referenced in the recommendation.

4.3 Overall the programmes are on track to deliver to the timeframes agreed with Civil Service leadership and ministers. The timeframes have changed due to the need to reflect changes in Government and to reflect the subsequent work on the Spending Review and long term Civil Service Strategy.

4.4 Whilst agreeing with the recommendation, the government acknowledges that under the current delegated pay model, departments have control of their own individual pay systems within the cost parameters set out in the Civil Service Pay Remit Guidance. This places a constraint on what can be directed by the Cabinet Office in terms of pay and reward.

5. PAC conclusion: Departments do not collect enough data on staff under performance to know if it is being managed effectively.

5. PAC recommendation: By the time of its Treasury Minute response, the Cabinet Office should mandate all departments to collect data on the number of underperforming staff, how underperformance is being managed, and the outcomes for underperforming individuals.

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: April 2025
Original target implementation date: Autumn 2024

5.2 Managing under and poor performance below the Senior Civil Service (SCS) is delegated to departments. The Civil Service Performance Management Framework provides a blueprint for departments to develop policies and processes for managing employee performance. The framework includes elements that require departments to focus on differentiating performance and ensuring under performance and poor performance is monitored and addressed.

5.3 To better understand the extent of under performance and poor performance, and how it is being managed, the Cabinet Office collated 2023-24 performance management data from departments, in Summer 2024. The Cabinet Office will provide a data collection tool to departments, which will require departments to provide future data on how under and poor performance is managed and the outcomes for individuals. This will gather data for the

2024-25 performance year as soon as it is available (Summer 2025), and then onwards for each performance year. The Cabinet Office is currently reviewing pre-existing policy tools to address poor performance and will work with departments to continue to maximise the use of these for the new reporting year 2025-26.

5.4 For the SCS, the performance and poor performance policies are set centrally, and then managed and implemented by departments. The Cabinet Office has reviewed performance in the SCS. In light of this recommendation, departments must now record and share information on, amongst other things, the frequency of underperformance, how this was managed, and the eventual performance outcomes for those individuals, at a new end-of-year cross-Government consistency check meeting each performance year. Additionally, there will be opportunities to review this as part of the work on an SCS Strategy.

Twenty-fourth Report of Session 2023-24

Department of Health and Social Care

NHS Supply Chain and efficiencies in procurement

Introduction from the Committee

The NHS collectively spends approximately £8 billion annually on buying medical equipment and consumables, from gloves and paper to stents and prosthetic hips. The Department of Health & Social Care (the Department) created NHS Supply Chain in 2018 in response to a report by Lord Carter which found greater scope for efficiencies in the NHS by aggregating its spending power and reducing the variation in prices that trusts pay for the same goods.

NHS Supply Chain is responsible for procuring products, warehousing, and delivering consumables and medical equipment on behalf of the NHS. It became fully operational in April 2019, under the ownership of the Secretary of State for Health and Social Care. Its key objectives were, by 2023–24, to deliver £2.4 billion of savings and have 80% of relevant NHS spending on medical equipment and consumables (known as 'market share') go through NHS Supply Chain. It has a catalogue of more than 600,000 products and its annual operating budget for 2023–24 was £240 million. Since 2021, NHS Supply Chain has been owned by NHSE.

Relevant reports

- NAO report: NHS Supply Chain and efficiencies in procurement – Session 2022-23 (HC 390)
- PAC report: NHS Supply Chain and efficiencies in procurement – Session 2023-24 (HC453)
- Treasury Minute: May 2024 (CP 1085)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1085 above), the remaining recommendations are updated below.

1. PAC conclusion: NHS Supply Chain has failed to persuade trusts to use it, meaning trusts are missing out on opportunities for savings.

1. PAC recommendation: NHS Supply Chain should set out how, and by when, it will get the NHS to use NHS Supply Chain for the original goal of 80% of its spending on consumables and medical equipment.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented: November 2024

1.2 The business case for NHS Supply Chain's (NHS SC) modernisation programme sets out how and by when the conditions for the achievement of the original 80% goal will be in place. The programme aims to modernise the outdated IT landscape and expand the physical supply chain infrastructure to significantly scale NHS Supply Chains operation and address several critical issues. Investment decisions will be subject to affordability and value for money assessments as part of the normal departmental funding allocation processes.

1.3 NHS SC remains on target to achieve the 2024-25 business plan target for market share at 65% by year end. Key projects including improvements to the logistics channels, opening new warehousing space in the north and piloting and scaling the new online ordering system have been completed or remain to plan. Work will continue to be completed alongside the continued engagement with Trusts and Integrated Care Systems (ICSs) ensuring commercial solutions meet the needs of the NHS.

2. PAC conclusion: NHSE has been weak in its oversight and support of NHS Supply Chain.

2. PAC recommendation: NHSE should set out how it will provide adequate challenge of and support for NHS Supply Chain, particularly regarding NHS Supply Chain's plans to modernise and transform its business.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented: February 2025

2.2 The subsidiary company model provides NHS England with a proportionate level of oversight which includes providing challenge and support to the company to effectively hold it to account and support it to deliver its objectives.

2.3 Importantly, there are processes in place through which NHS England critically reviews and works with NHS SC to develop and agree the company's business plan and funding requests for the following year. The company's annual plan and budget are approved by NHS England's Board, which allows for consideration of the appropriate level of funding available to the company to drive modernisation and transformation weighed against other NHS England priorities.

2.4 NHS England also holds quarterly accountability meetings chaired by the Chief Commercial Officer (CCO). This allows NHS England to track performance and remain informed on key matters. Additionally, NHS England has a shareholder director on the Board of the company. Attendance at the Board and its Committees provides regular opportunity for NHS England to challenge on operational performance, provide support, and identify where work within NHS England may be required to support the delivery of the company's objectives. There are other regular formal and informal points of engagement with the company, including monthly finance and operations meetings, fortnightly meetings between NHS England's Chief Commercial Officer and NHS Supply Chain's CEO.

2.5 NHS England is working with NHS SC to consider options for modernisation and transformation, and these will be considered as part of the normal governmental investment approval processes. The recommendation's implementation date moved from Winter 2024 to February 2025 to align with approval processes.

4. PAC conclusion: The way NHS Supply Chain has calculated and reported its savings has caused confusion and mistrust.

4. PAC recommendation: A year after implementing the new savings method, NHSE should assess whether trusts accept the savings that NHS Supply Chain reports. The new method for calculating savings should be used in all cases to ensure consistency.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

4.2 Implementation of the value and savings methodology from April 2024 is across the NHS including NHS Supply Chain. NHS England will review the compliance and effectiveness of this methodology after the first year. As part of the budget monitoring process, NHS organisations report on procurement savings including NHS SC. This information is shared with NHSE Commercial.

5. PAC conclusion: It will be several years before the NHS sees the benefits from NHS Supply Chain's efforts to improve its business.

5. PAC recommendation: Alongside its Treasury Minute response, NHS Supply Chain should provide a clear and realistic road map setting out the timetable for transformation and modernisation and when benefits will materialise. In carrying out this exercise NHS Supply Chain should also examine whether the eight-year timetable should be reduced.

5.1 The government agrees with Committee's recommendation.

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

5.2 NHS SC has developed the modernisation programme business case which is now subject to the normal governmental investment approval processes. If fully supported, the programme will be fully implemented by the end of 2029-30 with benefits starting to generate from April 2027 subject to final approval for commencement being received in April 2025.

5.3 As set out in a letter to the Committee we have revised the target implementation date to reflect the full approval process.

Twenty-fifth Report of Session 2023-24

Cabinet Office

Scrutiny of sound financial practice across Government

Introduction from the Committee

The Public Accounts Committee (PAC) has accrued a number of poorly codified procedures to address cases where the sensitivity of information related to Government expenditure is neither within the remit of the statutory Intelligence and Security Committee nor suited to conventional committee practice.

We are concerned that the ad hoc approach taken towards these matters provides varying degrees of accountability to Parliament in different cases, while the processes themselves lack transparency. In some important but sensitive areas of policy, where areas of expenditure do not fall within the mandates or practical working arrangements of other committees such as the Defence Select Committee, the Joint Committee on the National Security Strategy, or the statutory Intelligence and Security Committee of Parliament, this leads to worrying 'scrutiny gaps'. That approach fails to provide appropriate assurance to the public, to Parliament or indeed to Government on matters which could be of vital national interest.

Based on a report by the Committee of Public Accounts and drawing on the expertise from the National Audit Office. The Committee published its report on 15 April 2024. This is the government's response to the former Committee's report.

Relevant reports

- PAC report: Scrutiny of sound financial practice across Government – Session 2023-24 (HC 673)
- Treasury Minute: October 2024 (CP 1174)

Government response to the new Committee

Following the government's last response to the Committee on this report (CP 1174 above), the recommendations are updated below.

1. PAC recommendation: We recommend that a select committee is established with a specific remit to consider sound financial practice and value for money in sensitive areas which are outside the remit of the statutory Intelligence and Security Committee of Parliament.

2. PAC recommendation: We recommend that this new committee, like the Public Accounts Committee, should be provided with the assistance of the National Audit Office.

3. PAC recommendation: The committee should be established as soon as possible, and before the dissolution of the current Parliament.

4. PAC recommendation: We would be pleased to work with the Government to develop this proposal further.

1.1 The government notes the Committee's recommendation.

1.2 The government is continuing to consider these recommendations and options for enhanced scrutiny arrangements which preserve the sensitivity of the information that would be in scope of any such inquiry or scrutiny body. The government looks forward to further engagement with the Committee and expects to provide a response in the coming months.

Twenty-sixth Report of Session 2023-24

BBC

The BBC's implementation of Across the UK

Introduction from the Committee

In March 2021, the BBC published The BBC Across the UK, setting out its ambitions to strengthen its delivery for the whole of the UK, particularly in areas where perception of the BBC's relevance is relatively low, and to ensure that every household gets value from the BBC. The Across the UK programme builds on the BBC's previous relocation of several departments to a new regional centre in Salford in 2012, but the BBC considers it a much bigger transformation affecting every part of the BBC and all four UK nations.

The BBC planned to spend a further £700 million outside London between March 2021 and March 2028, and to move around 400 roles outside London. The BBC believed that moving expenditure and decisions on budgets outside London will change the culture of its commissioning, production and news journalism. The BBC will also commission shows that portray different regions of the UK, to better reflect the lives and communities of audiences outside London. It expected this approach to reduce regional differences in audience portrayal perceptions, increase the BBC's regional economic footprint and support growth of local creative industries. It estimated implementing the programme will generate an additional economic benefit totalling around £850 million in local economic growth.

Relevant reports

- NAO report: The BBC's implementation of 'Across the UK' – Session 2023-24 (HC 190)
- PAC report: The BBC's implementation of Across the UK – Session 2023-24 (HC 426)
- Treasury Minute: October 2024 (CP 1174

Update to the BBC's response to the Committee

Any updates to the outstanding recommendations of this report will be sent to the Public Accounts Committee directly and will be published on their website.

Twenty-seventh Report of Session 2023-24

Cabinet Office

Government resilience: extreme weather

Introduction from the Committee

Government assesses the most serious risks facing the UK or its interests overseas over the next few years via the National Security Risk Assessment, a classified document, and its public-facing version, the National Risk Register. Out of the 89 risks on the National Risk Register, eight are extreme weather events. Extreme weather events are those weather events that are significantly different from the average or usual weather pattern and include droughts, high temperatures and heatwaves, floods and storms.

The COVID-19 pandemic highlighted the need to strengthen resilience to the national risks that the UK faces. In December 2022, the UK Government Resilience Framework was published, setting out the government's strategic approach to strengthening resilience and the key actions that it intends to undertake by 2025 or 2030. This work will be taken forward by the Cabinet Office's new Resilience Directorate, its Head of Resilience and the Resilience Steering Board. Government defines resilience as "an ability to withstand or quickly recover from a difficult situation, but also to get ahead of those risks and tackle challenges before they manifest".

Relevant reports

- NAO report: government resilience: extreme weather – Session 2023-24 (HC 314)
- PAC report: government resilience: extreme weather – Session 2023-24 (HC 454)
- Treasury Minute: September 2024 (CP 1151)
- Correspondence to PAC: 13 September 2024
- Correspondence from PAC: 14 October 2024

Update to the Government response to the Committee

1.1 Following the government's holding response to the Committee on this report (CP 1151 above), and in line with letter sent to the Committee by the Civil Service Chief Operating Officer and Cabinet Office Permanent Secretary on 13 September 2024, the government can confirm the review of national resilience announced by the Chancellor of the Duchy of Lancaster on 19th July 2024 is ongoing and due to conclude this spring. The review will integrate the relevant aspects of the government's response to the Covid Inquiry Module 1 report, which was published on 16 January 2025. A Treasury Minute will be published once the review has concluded.

Twenty-eighth Report of Session 2023-24

Department for Education

Student loans issued to those studying at franchised higher education providers

Introduction from the Committee

Universities and other higher education providers are autonomous with a high degree of financial as well as academic independence. They are free to conduct commercial activities alongside teaching and research, and may create partnerships, also known as franchises, with other institutions to provide courses on their behalf. To award degrees, and for students to receive student loan funding, providers must register with the Office for Students (OfS). The provider creating the partnership (the lead provider) registers those students studying at their franchise partners, which allows those students to apply for funding administered by the Student Loans Company (SLC).

Students may apply for loans covering tuition fees (up to £9,250 a year) and maintenance support (up to £12,667 for the 2022-23 academic year). Students normally start to repay these loans, including interest, once they have finished studying and earn above a certain amount. There is a long-term risk to taxpayers from loans that are not repaid. Since early 2022, SLC and OfS have detected several instances of potential fraud and abuse of the student loan system involving franchised providers. In 2022/23, 53% of the £4.1 million fraud relating to students detected by SLC was at franchised providers, while the number of students at franchised providers was just 4.7% of the total student population in 2021/22 (the latest year for which we have data).

Relevant reports

- NAO report: Investigation into student finance for study at franchised higher education providers – Session 2023-24 (HC 387)
- PAC report: Student loans issued to those studying at franchised higher education providers – Session 2023-24 (HC 455)
- Treasury Minute: September 2024 (CP 1151)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1151 above), the remaining recommendations are updated below.

1. PAC conclusion: Lack of transparency about student outcomes, teaching quality and arrangements with franchised providers does not give students the information they need to make well-informed decisions.

1a. PAC recommendation: DfE should set out requirements for higher education providers to publish summaries of their franchise agreements, including the proportion of funding they retain and for what purpose, so students know what this means for them.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

1.2 As explained in the Department for Education’s last response to this recommendation, instructing providers to publish summaries of their franchised agreements would best be considered as a regulatory requirement. As promised, the department has asked the Office for Students (OfS) to consider such a requirement when they develop plans for their next review of relevant ongoing conditions of registration.

1b. PAC recommendation: Developing information already available, OfS should publish student outcome data for individual franchised providers.

1.3 The government agrees with the Committee’s recommendation.

Target implementation date: December 2025

1.4 The OfS shared student outcome indicators with each lead provider, showing performance of each of its delivery partners in autumn 2024, and published a pilot set of information in December 2024. The OfS intends to follow this with publication of this data for all partnerships during 2025.

2. PAC conclusion: To remain financially viable, some providers may be incentivised to increase student numbers through franchising, which creates risks for students and taxpayers.

2a. PAC recommendation: Within the next 12 months, OfS should publish a more systematic overview for the higher education sector sharing its insights on where providers have adapted their delivery models, and the emerging risks providers then need to manage.

2.1 The government agrees with the Committee’s recommendation.

Recommendation implemented: September 2024

2.2 The OfS published its Insight brief in September 2024.

2b. PAC recommendation: OfS should also set out what proportion of tuition fees lead providers could be seen as reasonably retaining in relation to the student services they remain responsible for, and consider these financial arrangements in the scope of any investigations it carries out into the quality of franchised provision.

2.3 The government agrees with the Committee’s recommendation.

Recommendation implemented: January 2025

2.4 The OfS will consider financial arrangements for franchise partnerships in the scope of any investigations it carries out into the quality of franchised courses, where appropriate. The OfS continues to use its engagement and investigatory work to understand these arrangements and review its position on setting out a standard proportion of tuition fees that lead providers should retain.

3. PAC conclusion: The current regulatory system does not ensure sufficient oversight over franchised providers.

3. PAC recommendation: DfE should set out what it will do to strengthen direct and indirect oversight of franchised providers to ensure they meet the standards expected for an organisation receiving taxpayers' money. This could include requiring all providers to register with the OfS in some form or strengthening the powers of OfS and SLC where they have concerns.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

3.2 Higher education is of fundamental importance to the education system. English higher education providers are amongst the most highly regarded in the world, supporting learners to achieve their potential, providing excellent opportunities and driving economic growth.

3.3 The government is committed to protecting the use of public funds in higher education. The department is leading a programme of work with the OfS and Student Loans Company to identify and mitigate the risk of misuse of student funding.

3.4 The department also recognises the need to strengthen the higher education regulatory regime so there is greater oversight of franchised providers.

3.5 In January 2025, the department for education, working closely with the OfS, launched a consultation on proposals to strengthen oversight of partnership delivery in higher education.

3.6 In the longer term, the department is working closely with the OfS to develop a more robust model for protecting public money (PPM). This will enable a faster and more decisive response to tackling emerging risks than is currently possible.

Thirtieth Report of Session 2023-24

Cabinet Office

Non-executive appointments

Introduction from the Committee

Non-executive directors (NEDs) serve on the boards of government departments and arm's length bodies (ALBs). The role of NEDs, and the process for appointing them, differ significantly depending on the body that they are appointed to. Departments and their ministers are primarily responsible for the appointment of their own NEDs, including those to ALBs.

The Cabinet Office has important oversight responsibilities and provides support and guidance to departments. The Cabinet Office also determines which appointments are regulated under the relevant Order in Council, and maintains the Governance Code for Public Appointments which sets out the rules that govern regulated appointments. The Cabinet Office also collects data on, and publishes an annual report about, regulated public appointments. Some regulated appointments are for non-executive directors, but not all. Many other types of appointment are regulated, such as trustees, commissioners, advisers, chief inspectors, and adjudicators. The Cabinet Office does not collect or publish data on 'unregulated' appointments. An unknown number of NEDs are unregulated appointments.

Relevant reports

- NAO report: Non-executive appointments – Session 2023-24 (HC 513)
- PAC report: Non-executive appointments – Session 2023-24 (HC 460)
- Treasury Minute: September 2024 (CP 1151)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1151 above), the remaining recommendations are updated below.

1. PAC conclusion: It is taking far too long to make non-executive director appointments.

1a. PAC recommendation: The Cabinet Office should use data from its new applicant tracking system (see below) to report publicly by September 2024 on appointment delays, identifying average length of time for appointments and at what stages delays are occurring. In addition to aggregate data, consideration should be given to providing information at the departmental level, in particular highlighting the best performers to help encourage the sharing of best practice.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

1.2 The government agreed with the Committee that there should be greater transparency on how long the appointments process takes, particularly as the new digital platform starts to provide more granular, real-time data. Work to implement a refreshed approach to data and transparency in relation to public appointments is underway. The Cabinet Office has reviewed the process and content of current data publications, as well as departmental performance information, including timeliness, collected via the digital service. Options will be discussed with the Commissioner for Public Appointments (and the Welsh Government), and recommendations will be put to ministers with a view to implementing a refreshed approach to data and transparency from April 2025.

2. PAC conclusion: The Cabinet Office does not yet have the data it needs to oversee the appointments process effectively.

2a. PAC recommendation: In response to this report, the Cabinet Office should:

- ***confirm in the Treasury Minute that all regulated appointments are now being run through the new applicant tracking system and what steps it is taking where departments do not comply.***

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

2.2 The government agreed with the Committee that the digital platform should be the primary mechanism through which departments manage their regulated appointments. The Cabinet Office is looking to make appropriate and possibly technical changes to the digital platform to allow further integration of data by the end of summer 2025. A technical solution which will improve the capture of information from candidates applying for a public appointment through executive search agencies has been identified. The Cabinet Office has also been liaising with the Independent Monitoring Boards Secretariat and identified a number of options on how information on these roles can be collated. In addition, the Cabinet Office has rolled out a new training programme for departmental public appointments teams and launched an information sharing hub through which colleagues across government can access useful guidance and resources.

2b. PAC recommendation: In response to this report, the Cabinet Office should:

- ***write to departments mandating that they use the new applicant tracking system for all unregulated appointments.***

2.3 The government agrees with the Committee's recommendation.

Recommendation implemented: December 2024

2.4 The Cabinet Office committed to write to all departments on this issue by the end of December 2024. As previously mentioned, some departments are already running some of their unregulated appointment campaigns through the digital platform. The Cabinet Office has advised departments that they should also be using the applicant tracking system for unregulated appointments where possible.

3. PAC conclusion: The Cabinet Office does not publish transparent information about NEDs, the diversity of panels who select them, or the requirements for independence in these roles.

3a. PAC recommendation: The Cabinet Office should include data in its annual public appointments data report about numbers and diversity of:

- ***non-executive directors specifically; and***
- ***unregulated public appointments***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

3.2 Please see response to recommendation 1a above.

3b. PAC recommendation: The Cabinet Office should:

- ***centrally collect data about those who serve on Advisory Assessment Panels, including diversity data, and publish the aggregate data at least annually.***

3.3 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

3.4 A process for collecting information about those who serve on Advisory Assessment Panels through the digital platform has been identified and will be tested with departments. Publication of this information is being considered as part of the work being undertaken for recommendation 1a. Further details will be provided as part of the new approach to data and transparency.

4. PAC conclusion: The appointments process is not set up to encourage diversity amongst NEDs.

4b. PAC recommendation: In its Treasury Minute response to this report, the Cabinet Office should:

- ***Set out the steps it has taken so far to review the feasibility and usefulness of compiling data on the diversity makeup of members of Advisory Assessment Panels, and the date by which it would report its conclusions to Parliament.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: In the 2025-26 financial year

4.2 As set out in the response to recommendation 3b above, a plan for collecting this information from a technical perspective is in place. This will require co-operation from panel members to create an account and provide their information. The approach requires testing with departments and some panel members. Consideration will also need to be given to whether the requirement to provide this information may act as a disincentive to individuals volunteering to be panel members. Further information will be provided as part of the new approach to data and transparency.

6a. PAC recommendation: The Cabinet Office should:

- ***carry out a review to identify in-built bias in the public appointments process and set out what it will do to tackle any bias identified. This review should be reported to Parliament within 12 months of the date of this Report's publication.***

6.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2025

6.2 The government agreed that as part of the development of a new plan to improve diversity across the public appointments system, and working with the Commissioner for Public Appointments, a review would be conducted into the extent of bias in appointments processes. The Cabinet Office has approached the Office for the Commissioner for Public Appointments about this recommendation.

6b. PAC recommendation: The Cabinet Office should:

- ***Within 6 months of the publication of this report, commence a public consultation on the appointment process of the Advisory Assessment Panels. The consultation should, among other things, seek the public's views on the current process and how it might be improved to achieve greater diversity in the NED recruitment and selection process. The process should include a section that makes clear that any unsuccessful candidates will be provided with feedback on their performance. The Cabinet Office should publish the findings of this consultation and its response to it within 18 months of the date of this report's publication.***

6.3 The government agrees with the Committee's recommendations.

Target implementation date: October 2025

6.4 The Cabinet Office will be carrying out this consultation as part of the work to implement a new plan on diversity. Consultation will be key to identifying innovative and impactful improvements. The outcomes of the review and consultation process will be reflected in the new approach to diversity to be published by October 2025.

Thirty-first Report of Session 2023-24

Department of Health and Social Care

Department of Health and Social Care 2022–23 Annual Report and Accounts

Introduction from the Committee

The Department leads the health and social care system in England. The Department and its Agencies spent £176.8 billion in 2022–23. The C&AG has qualified1 his opinions on the Department's accounts for the last four years as a result of a number of different issues within both the Department itself and its wider group of organisations that form part of its accounts. Whilst a lot of these issues have been due to the pandemic, the range and scale of them has highlighted issues with oversight across the group, including financial and compliance issues.

UKHSA, an agency of the Department, became fully operational on 1 October 2021 when it took on responsibility for the health protection functions of Public Health England, NHS Test and Trace and the Joint Biosecurity Centre. The C&AG has been unable to provide any opinion (a disclaimed opinion) on the 2022–23 UKHSA accounts for the second consecutive year as a result of a lack of audit evidence. UKHSA is a key component of the Department's group accounts. As a result of the disclaimer over UKHSA's accounts, there was also a lack of assurance over the UKHSA transactions and balances included in the Department's group accounts. This resulted in the C&AG being unable to provide assurance over all areas of the Department's group accounts, with a limitation of scope of his audit opinion in respect of the UKHSA transactions and balances.

Parliament expects Departments' accounts to be published before the summer recess each year. The Department of Health and Social Care has not met this expectation since 2019, instead publishing its accounts in January each year, six months after this deadline. The Department's 2022–23 accounts were largely delayed as a result of ongoing issues at UKHSA which led to a disclaimed opinion of UKHSA's accounts, and delays to local NHS audits. The Department's Annual Report and Accounts rely on assurance from the NHS England Accounts and the Consolidated NHS Provider Accounts for over £100 billion of expenditure. These accounts themselves rely on assurance from the audits of NHS commissioners and NHS providers.

Relevant reports

- DHSC report: Department of Health and Social Care Annual Report and Accounts 2022-23 (HC 33)
- PAC report: Department of Health and Social Care 2022-23 Annual Report and Accounts Session 2023-24 (HC 459)
- Treasury Minute: September 2024 (CP 1151)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1151 above), the remaining recommendations are updated below.

1.PAC conclusion: It is unacceptable that UKHSA's fundamental weakness in its basic financial reporting continues to result in its accounts being disclaimed for the second consecutive year.

1. PAC recommendation: UKHSA must urgently ensure that its improvement plan delivers an effective system of financial control, including a "right first time" culture and governance over business critical models, in order to produce unqualified accounts.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented: December 2024

1.2 The UK Health Security Agency (UKHSA) 2023-24 Annual Report and Accounts (ARA) was laid in Parliament on 16 December 2024 with a significantly improved audit opinion, including complete assurance over the closing balances as well as the majority of in year and opening balances.

1.3 This reflects the continued improvement in underlying financial processes and controls at UKHSA. The Comptroller and Auditor General's qualified opinion on financial statements identifies a number of areas where further improvement is still required. UKHSA is taking this forward with the reset of the Financial Control and Improvement plan to further the financial processes, building on the agency's improved position.

2. PAC conclusion: The Department's continued failure to deliver its accounts to an earlier timetable hampers effective and timely accountability of taxpayers' money.

2. PAC recommendation: The Department must return to publishing its accounts to a pre-summer recess deadline and set out a timetable to achieve this. To do this, the Department must:

- ***support and hold to account group bodies to ensure timely accounts production;***
- ***work effectively with the auditors of local NHS bodies to ensure audit deadlines are met; and***
- ***work across government, to build resilience in the local audit system.***

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2027

2.2 The Department of Health and Social Care (DHSC) has a plan to bring forward the publication of its accounts by at least one month per year, with an ambition to return to pre-recess publication for 2026-27. Significant progress was made in 2023-24 compared to 2022-23, with substantially fewer group bodies missing the audit deadline. Both the NHS England and Consolidated Provider accounts were certified by the Comptroller & Auditor General (C&AG) significantly earlier than the prior year. The group ARA was certified on 13 December 2024, six weeks earlier than the prior year equivalent. DHSC is targeting publication of the 2024-25 group ARA in November 2025.

2.3 However, ongoing capacity issues in the local audit market are the primary risk to achieving pre-recess publication. To achieve this requires audits of group bodies to be completed by the end of May. Regulatory requirements on auditors, which have become more rigorous in recent years, do not currently support completion to this deadline. The C&AG rightly highlighted these challenges in his commentary on the department's 2023-24 ARA.

2.4 Throughout the 2024-25 process, the department will monitor progress on audit completion for key group entities through our regular project board meetings, holding bodies to account on meeting agreed delivery timescales and taking action to address potential delays. DHSC is working closely with stakeholders across and outside of government to try to improve local audit market capacity and resilience. In particular, DHSC is continuing to actively engage with Ministry of Housing Communities and Local Government (MHCLG) on their proposals to strengthen local audit and with the Financial Reporting Council on their NHS audit market study the department has commissioned from them, the findings of which are due in Spring 2025.

4. PAC conclusion: We are concerned that the Department is spending £2.6 billion on clinical negligence payments without an effective plan to minimise future costs of the scheme.

4. PAC recommendation: The Department must reduce clinical harm. By summer 2024, the Department should set out the key reasons for patient harm and the actions it will take to address these, ensuring that its plans will reduce health disparities, ensure better patient outcomes, and reduce the costs for taxpayers.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented: February 2025

4.2 As set out in the previous response to the Committee, multiple, complex and interrelated factors lead to patient harm during the provision of healthcare.

4.3 The department will prioritise the continuous improvement of patient safety so that the NHS treats people with the high-quality and safe care that they deserve. Previous inquiries and investigations have highlighted significant issues with patient safety, and the government is clear in its ambition to restore public confidence. The government is taking a fresh look at how to overhaul the current oversight system to make it effective and efficient in order to protect patient safety and quality of care.

4.4 Following a review by Dr Penny Dash into the operational effectiveness of the CQC, the CQC is rebuilding its approach to regulation under the leadership of its new Chief Executive. Dr Penny Dash is currently conducting her second review to examine patient safety across the health and care landscape. The focus is on six health bodies and how they interact with the wider safety landscape. The conclusions of the review are due to be published shortly. All findings will inform our 10-year health plan to transform the NHS and social care system and make it fit for the future.

4.5 The department wrote to the Committee in February 2025 to set out the actions it is taking with NHS England and other system partners to reduce patient harm, advance patient safety in the NHS and improve outcomes for patients and the taxpayer.

5. PAC conclusion: We are disappointed that the Department lacks adequate controls over its inventory and, four years after the COVID-19 pandemic began, still does not have a plan for stockpiling for future pandemics.

5a. PAC recommendation: The Department must, within six months, set out the lessons learnt from its COVID-19 procurement processes, including reporting:

- ***the overall losses arising from procuring, storing, and disposing of overpriced, unusable, and excess inventories.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

5.2 The 2021 Boardman Review of Government Procurement in the COVID-19 pandemic on lessons learned from the pandemic included 11 recommendations for the department. This resulted in a review of the future structure of procurement in the health sector, with Supply Chain Coordination Limited (SCCL) being transferred to NHS England and measures taken to improve SCCL's resilience. The department wrote to the committee in March 2023 setting out its future strategy for Personal Protective Equipment (PPE), including lessons learned in relation to PPE procurement.

5.3 The department submitted its formal evidence to the Covid-19 Inquiry for Module 5 on Procurement in December 2024. This includes a section on lessons learned. This is currently on a confidential basis, and it is for the Inquiry to determine when and under what circumstances such information can become publicly available, at which point the department will inform the Committee.

5.4 The department spent £13.6 billion buying PPE from the start of the pandemic until the end of the financial year 2023. The costs of storing excess PPE are shown in the table below:

Cost of Storage – by Financial Year in £					
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 (Apr-Nov 24)
Total All Storage	£481,448,973	£410,583,857	£256,829,048	£123,699,709	c£36m

5.5 The final circa 400 pallets of pandemic era excess PPE were disposed of in January 2025. Storage costs for excess PPE have now ceased as the department no longer holds excess pandemic era PPE.

5b. PAC recommendation: The Department must, within six months, set out:

- ***the outcome of its work on procurement fraud and associated recoveries.***

5.6 The government agrees with the Committee's recommendation.

Target implementation date: December 2025

5.7 Fraud is a hidden crime and therefore it is impossible to give exact amounts. However, the department's best estimate is that 2.4% (£324 million of £13.6 billion) of expenditure on PPE was fraudulent. To date, the government has recovered £75 million (including £5 million for ventilators) and assesses a further £163 million was prevented from being lost in the first place. Where criminal conduct is suspected, the matter has been reviewed by the DHSC Anti-Fraud Unit (AFU) and referred to law enforcement partners where appropriate. DHSC will be working closely with the recently announced COVID Counter Fraud Commissioner to maximise recoveries where possible.

5.8 Net costs will not become apparent until all work on dissolution and fraud is complete and monies recovered is understood. As this may involve legal proceedings it is difficult to estimate precisely when this may be, however we anticipate that matters will not be settled before Autumn 2025.

5c. PAC recommendation: The Department must, within the next six months, develop, and implement, a clear and cost-effective plan, including adequate controls, for stockpiling items required to plan for a future pandemic. This should not be delayed until after the end of the COVID-19 inquiry.

5.9 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

5.10 The department has replenished pandemic preparedness PPE stockpiles using excess stock originally procured for the COVID-19 pandemic where possible and appropriate.

5.11 As set out by the Chancellor in the Autumn 2024 Budget, £460 million of investment has been allocated to strengthen the UK's pandemic preparedness, including replenishing personal protective equipment (PPE), vaccine and medicines stockpiles. Target volumes for England's PPE stockpiles are informed by expert advice on PPE ensemble requirements and the volume of PPE that the department would expect the health and adult social care sector to use in the number of weeks it takes for further stock to arrive during a pandemic. These targets and stock levels are reviewed on a regular basis, with future procurements being planned to reach (and maintain) target volumes, to help ensure the government is sufficiently prepared for a future pandemic or other health emergency.

5.12 One of the ways that the department will manage stock at target levels in the future is through rotating stock into NHS business-as-usual (BAU), where this is possible. This can reduce the need to dispose of expired stock and replace it with new stock, consequently reducing costs and representing better value-for-money, as well as reducing waste. For a portion of the existing PPE stockpile, this is already being implemented, and the department will look to implement dynamic stockpiling for any newly procured pandemic preparedness PPE, where BAU usage rates enable this.

5.13 All stockpiled product is maintained and managed by Supply Chain Coordination Limited (SCCL), underpinned by an active Service Level Agreement between SCCL and DHSC, signed in April 2023, which is regularly reviewed and updated.

5.14 The department wrote to the Committee on 21 January 2025 providing an update on progress.

6. PAC conclusion: NHS England again made payments to suspended GPs who were not eligible to receive them and has failed to adequately recover these overpayments.

6b. PAC recommendation: NHS England must ensure that amounts that have been overpaid are in recovery by the summer of 2024.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented: September 2024

6.2 NHS England has received legal advice and where there is a legal basis for seeking recovery of any suspension payment overpaid, this process is underway.

6.3 The debt recovery process is overseen by the NHS England suspension debt recovery panel.

Thirty-second Report of Session 2023-24

HM Treasury and the Infrastructure and Projects Authority

Delivering value from government investment in major projects

Introduction from the Committee

Major projects represent a significant element of government expenditure. As at March 2023, the Government Major Projects Portfolio—the government's biggest and riskiest projects—included 244 projects with an estimated total whole-life cost of £805 billion. Major projects present unique challenges for government. The success of a project and whether it represents value for money will ultimately be determined by whether the intended value—such as economic growth or improved, more efficient public services—has been delivered, and whether the value of the project justifies its cost. The Comptroller and Auditor General's recent report made a series of observations and drew out lessons based on an examination of projects that had been complete for some time and which had been broadly successful in delivering value from the investment. Delivering to budget and schedule are important in determining whether a project has been delivered for value for money. This report also therefore covers important areas related to project delivery and the challenges that government faces in ensuring that projects do not go over time and over budget, as we so often see on this Committee. These areas include the supply of project delivery skills in government departments and the supply chain, cost estimating and government's ability to learn from other projects.

Relevant reports

- NAO report: Lessons learned: Delivering value from government investment in major projects – Session 2023-24 (HC 554)
- PAC report: Delivering value from government investment in major projects – Session 2023-24 (HC 456)
- Treasury Minute: October 2024 (CP 1174)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1174 above), the remaining recommendations are updated below.

1. PAC conclusion: Government departments spend too little time and effort establishing what value they expect a project to deliver and ensuring that major projects deliver the intended value.

1. PAC recommendation: The IPA and HMT should review the case for a centrally mandated review stage to look at what value a major project has achieved once it has been operational for some time, such as a new Gate 6 review.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

1.2 The Treasury Approvals Process for projects and programmes requires that major projects undergo appropriate levels of Infrastructure and Projects Authority (IPA) assurance. The IPA Assurance Review Toolkit, specifically the Gate Review 5: Operations Review and Benefit Realisation, sets out guidance and templates for looking at what value a major project has achieved once it has been operational for some time.

1.3 The Gate 5 Review confirms that the benefits set out in the business case are being achieved and that the strategic outcomes are being met. The Review typically occurs when the project is about to hand over to Business as Usual (BAU) operation and then 6-12 months after handover to the new owner. A final Gate Review takes place shortly before the end of a service contract.

1.4 It is the responsibility of SROs to ensure that robust evaluation is built into projects from an early phase. The IPA continues to work closely with the Evaluation Taskforce to embed evaluation plans in major projects, which will help to ensure that intended outcomes and benefits are identified early and there is a clear plan in place to deliver these.

1.5 On 10 October 2024, the Chief Secretary to the Treasury announced the creation of the National Infrastructure and Service Transformation Authority (NISTA). NISTA will bring together the expertise and functions of IPA and the National Infrastructure Commission (NIC) under one joint unit taking on new and strengthened responsibilities, including the implementation of the new 10 Year Infrastructure Strategy, enhanced assurance, and validation of business cases. NISTA will be integrally involved in central decision-making and policymaking, thereby maximising its influence within the government.

1.6 As part of the transition to NISTA and the ongoing preparations for the merger from 1st April 2025, the IPA is conducting a broad review of current IPA processes in order to deliver the strengthened assurance function that the government has committed to, including reviewing Gate 5 reviews. NISTA will write to the Committee in the spring with an update on this review.

2. PAC conclusion: Government departments still have few incentives to commission and carry out high-quality evaluations of major projects.

2. PAC recommendation: HM Treasury and the evaluation task force should develop a plan that addresses the root causes of why evaluations are not routinely carried out and how to incentivise departments to carry out more high-quality and independent evaluations.

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: June 2025
Original target implementation date: December 2024

2.2 The Evaluation Task Force wrote to the Committee with an update on this recommendation in February 2025. The Evaluation Task Force has carried out an initial assessment of the coverage and quality of evaluation across the Government Major Projects Portfolio. The team is currently updating these interim findings to take into account further evaluation plans shared for review in December 2024. The Evaluation Task Force plans to publish its findings by June 2025 together with an Action Plan to continue improving evaluation of Major Projects going forward.

3. PAC conclusion: There are signs of improved cross-government working but government still struggles to establish effective governance and accountability arrangements on the most complex projects where multiple departments are involved.

3a. PAC recommendation: HM Treasury and the Infrastructure Projects Authority should analyse what governance structures and incentives work well to encourage cross-government working.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

3.2 HM Treasury remains strongly supportive of cross-government working and continues to take steps to facilitate joined-up policy development and delivery. The adoption of a mission-led approach represents a significant step change in the way in which cross-government working is supported and delivered across government. HM Treasury will continue to support the delivery of Missions across phase 2 of the Spending Review.

3.3 Following the Spending Review, HM Treasury will work with NISTA to undertake an analysis to identify which models for joint working have been most successful in encouraging cross-departmental cooperation. This will be informed by past experience and current practice. The outcomes of this analysis will guide future improvements to cross-government working, ensuring that governance and accountability arrangements are optimised for multi-departmental projects. HM Treasury will write to the Committee in the Summer when this work concludes.

4. PAC conclusion: Government departments and the broader economy lack the necessary skills and capacity to deliver the government's ambitious portfolio of major infrastructure projects.

4. PAC recommendation: Alongside their response to this report HM Treasury and the Infrastructure Projects Authority should write to the Committee with an analysis of risks to the government's portfolio of infrastructure projects caused by the lack of skills.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: June 2025
Original target implementation date: November 2024

4.2 The IPA has sought to better understand the skills and capacity needed to deliver the Government's Major Projects Portfolio across both the private and public sectors. This has involved working with KPMG and the New Hospital Programme on a cross government market capacity study, the initial stage of which included a high-level skills and supply chain analysis identifying skills and capacity gaps. The IPA will write to the Committee separately with an update on this work.

4.3 The IPA has developed a wide range of initiatives to build capability, which includes the establishment of the first cross-government projects academy, project delivery learning curriculum and accreditation scheme.

4.4 Accreditation supports the development of project delivery capability across government by providing a deeper level of understanding, assessment and validation of skills and experience. It supports recruitment, retention and deployment of people across the project system and especially into government's most complex and difficult projects. It gives individuals improved access to learning and formal recognition of their skills.

4.5. Since the introduction of the accreditation scheme, the IPA has worked with departments and other public sector organisations to implement accreditation. Over 4000 project leaders have undertaken leadership programmes to date, with the number of SROs undertaking or having already completed the Major Projects Leadership Academy (MPLA) increasing from 66% to 76% in the last year.

4.6 Finally, the IPA continues to work with HM Treasury and the NIC to develop the 10 Year Infrastructure Strategy. As set out in the government's 10 Year Infrastructure Strategy

Working Paper published in January, this strategy will support Skills England in their assessment of where skills gaps exist that will need to be addressed to successfully deliver key infrastructure projects. The 10 Year Infrastructure Strategy is due to be published alongside the conclusion of Spending Review 2025. HM Treasury and NISTA will write to the Committee in June with an update.

Thirty-third Report of Session 2023-24

Ministry of Justice

Value for Money from Legal Aid

Introduction from the Committee

Legal aid refers to publicly funded legal advice or representation in courts and tribunals for people who meet the government's eligibility criteria. This includes support for people accused of a crime (criminal legal aid) and those involved in civil legal matters (civil legal aid), for example, family law cases involving children being taken into care. In England and Wales, the Ministry of Justice (MoJ) is responsible for setting legal aid policy. Its executive agency, the Legal Aid Agency (LAA), is responsible for administering legal aid funding, which was around £2 billion in 2022–23. Legal professionals from private firms or not-for-profit-organisations provide legal aid advice for those eligible for support, and bill LAA based on rates set in legislation.

In 2013, MoJ introduced reforms to legal aid in the Legal Aid, Sentencing and Punishment of Offenders Act (LASPO), with the aim of reducing spending on legal aid and of targeting support at those who need it most. LASPO reduced the circumstances in which legal aid was payable, in particular it significantly limited the types of civil cases for which legal support was available, such as most issues relating to employment, consumer matters, debt and clinical negligence. It also made some financial eligibility thresholds more restrictive and reduced fees paid to civil legal aid providers.

When this Committee last reported on civil legal aid in 2015, it reported that MoJ was on track to significantly reduce legal aid spending. However, MoJ had not assessed whether it had made any progress on its other objectives of discouraging unnecessary litigation, targeting legal aid to those who need it most, and of delivering better overall value for money.

Relevant reports

- NAO report: Government's management of legal aid – Session 2023-24 (HC 514)
- PAC report: Value for Money from Legal Aid – Session 2023-24 (HC 481)
- Treasury Minute: September 2024 (CP 1151)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1151 above), the remaining recommendations are updated below.

1. PAC conclusion: Over a decade since the legal aid (LASPO) reforms, the Ministry of Justice (MoJ) and the Legal Aid Agency (LAA) still do not have sufficient data to assess whether those eligible for legal aid can access it.

1. PAC recommendation: In its Treasury Minute response, the Ministry of Justice and the Legal Aid Agency should set out how they intend to improve the data they collect on demand for and access to legal aid so that they can better monitor:

- ***whether an area has sufficient provision for a particular category of law to meet demand. This should include details of how they plan to consider specific local variation such as deprivation or access to public transport and demographics such as disability; and***

- ***the extent to which capacity constraints may mean people are unable to access legal aid in areas where there are providers.***

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

Target implementation date: May 2026

1.2 The Ministry of Justice (MoJ) has conducted an internal review of existing data and evidence collection, as per its response in its Treasury Minute of September 2024, and has identified a number of areas where it hopes to improve its data.

1.3 A range of options for conducting further analysis are being considered. These include a new survey of providers, designed to improve understanding of their capacity (which the Legal Aid Agency (LAA) aims to launch in the first quarter 2025); more detailed interrogation of data already collected (which the MoJ and LAA aim to develop also in first quarter 2025); and consideration of external research (subject to funding, and likely in Q3-4 2025). The MoJ and LAA are mindful of the burdens placed on providers in asking for additional data or information and that will also inform the approach they take.

2. PAC conclusion: There are areas of the country lacking face-to-face provision of legal aid, which risks penalising vulnerable groups disproportionately.

2. PAC recommendation: In its Treasury Minute response, the Ministry of Justice should:

- ***clarify what the options are for those who are unable to make use of remote advice. It should specifically consider vulnerable groups in areas with no face-to-face legal aid provision, whose issues may be too complex to solve via telephone; and***
- ***set out how it plans to better understand the impact of remote provision on vulnerable groups and address any problems identified.***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

2.2 The MoJ has reviewed the use of remote advice across the jurisdictions and relevant external literature, to assess where data and evidence needs to be improved, and to inform policy thinking on the likely implications of changes in the provision of remote advice. This information is continuing to inform policy development.

2.3 For example, in its January 2025 consultation on civil legal aid, the MoJ is seeking further evidence from providers to inform potential changes to the civil legal aid contract around the use of remote advice. As part of this the MoJ is seeking views on how best to monitor the use of remote advice, and to ensure that those who need face-to-face advice are able to access it. This consultation involves roundtable discussions with the sector as well as inviting written responses to questions.

2.4 The MoJ is also reviewing Management Information relating to the use of remote advice in Detained Duty Advice Scheme (DDAS) surgeries held at Immigration Removal Centres, one year after the introduction of remote advice in this setting. This will be used to understand whether there are any mitigations that can and should be applied to ensure that remote DDAS surgeries provide appropriate access to legal advice.

3. PAC conclusion: We are concerned about access to legal aid for immigration matters which often involve extremely vulnerable people, and the effectiveness of the Exceptional Case Funding (ECF) scheme for some of these cases.

3. PAC recommendation: The Ministry of Justice should set out in its Treasury Minute response:

- ***how it plans to monitor the impact of the Illegal Migration Act 2023 on the capacity of other areas of immigration advice and how it plans to respond where evidence suggests people are unable to access advice; and***
- ***details of its plans to assess whether the Exceptional Case Funding scheme is the most efficient route for immigration cases.***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

3.2 Having considered the evidence from the Review of Civil Legal Aid (RoCLA), and in recognition of the particularly acute pressures facing the sector, the MoJ is consulting on increases to immigration and asylum legal aid fees. Subject to consultation, these fees are proposed to increase to at least £65.35 / £69.30 per hour (non-London / London), or provide a 10% uplift, whichever is higher. This would increase overall spend by 24% for housing and 30% for immigration.

3.3 The MoJ has also extended the contract with The Law Society to meet the costs of accreditation and reaccreditation of immigration and asylum caseworkers for a further 12 months from 1 January 2025, addressing a significant disincentive that providers had identified in meeting the demands of the market.

3.4 The MoJ's ongoing work regarding the data it collects on demand and capacity, as per recommendation one, includes immigration and asylum legal aid services.

3.5 The MoJ has undertaken an analysis of the efficiency of the Exceptional Case Funding (ECF) scheme for immigration cases, building on engagement with stakeholders in the sector. Initial findings suggest that bringing more immigration cases into scope of legal aid would not bring about overall savings to the legal aid fund. These findings need to be viewed alongside other policy considerations around scope and the Exceptional Case Funding scheme and are feeding into departmental considerations for phase two of the Spending Review.

4. PAC conclusion: The Ministry of Justice has been slow to review financial eligibility thresholds, leaving fewer people eligible for legal aid, and it has not set out how it plans to review thresholds in future.

4. PAC recommendation: In its Treasury Minute response, the Ministry of Justice should set out what it will do to:

- ***ensure that financial eligibility thresholds for legal aid are kept under review in light of changes in the economy; and***
- ***ensure that any proposed changes can be implemented quickly and efficiently.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Thresholds will be reviewed three to five years after Means Test Review implementation, intended to be August 2026

4.2 The MoJ is in the process of assessing the appropriate next steps for reform of the legal aid means test. This includes reviewing the levels at which thresholds at set, based on the most recent cost of living data, both now and prior to any implementation.

4.3 The MoJ and LAA agree that changes to legal aid should be implemented as quickly as possible. They are therefore looking at a range of options to improve the delivery of legal aid, including the transformation of digital systems to improve user experience and the flexibility to incorporate policy change more quickly. That is subject to the department's 2025 Spending Review outcome.

6. PAC conclusion: We are not convinced that the Ministry of Justice has put in place sufficient measures to ensure the future sustainability of the legal aid market.

6. PAC recommendation: The Ministry of Justice should set out in its Treasury Minute response how it plans to improve its ability to respond to emerging sustainability issues in a timely manner. This should include:

- ***how it plans to work with providers to keep the profitability of legal aid work in view;***
- ***how it plans to implement the recommendations from the Criminal Legal Aid Board; and***
- ***what mechanisms it will put in place to review the sustainability of civil legal aid more routinely once its review is complete in July 2024.***

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

6.2 In December 2024 the MoJ announced its intention to consult on an increase in funding of up to £92 million for criminal solicitors, following further work looking at the sustainability of the profession. MoJ had already announced £24 million in funding in its November response to the Crime Lower consultation.

6.3 The Criminal Legal Aid Advisory Board (CLAAB) annual report, published in November 2024, raised a range of issues which the MoJ is considering. Some of these, notably fees paid to solicitors, were addressed in the December 2024 announcement. The MoJ also committed at that time to work with the CLAAB to establish a clear picture of the funding required to support the sustainability of the barrister profession.

6.4 Similarly on civil legal aid, on the basis of the findings from the Review of Civil Legal Aid, the MoJ is consulting on fee increases for housing and immigration legal aid and is keeping fee levels in the other categories of law under review.

6.5 The MoJ intends to gather more feedback from the sector about the impact of proposed fee levels in its forthcoming crime and civil consultations.

6.6 Profitability is just one aspect of sustainability, and accessing effective data on this can be costly for government and burdensome for providers. The MoJ is exploring ways of accessing profitability data on a more routine basis, without adding further burdens on providers. This will form part of the work in response to recommendation 1 above, looking at data on demand and capacity, to monitor the sustainability of the market.

Thirty-fourth Report of Session 2023-24

The Home Office

Asylum Accommodation and UK-Rwanda Partnership

Introduction from the Committee

The Home Office is responsible for asylum and immigration policy in the UK. This includes making decisions on whether to grant or refuse asylum applications and providing accommodation to asylum seekers who would otherwise be destitute. It is also responsible for removing people who have no right to be in the UK. Under the Illegal Migration Act 2023, this includes the majority of people who arrive in the UK by small boat or other irregular means, whose asylum claims are inadmissible in the UK.

In April 2022, the Government announced a partnership with the Government of Rwanda to relocate to Rwanda people identified as being in the UK illegally or seeking asylum after arriving via an illegal route. Under this partnership, the Home Office has agreed to pay significant sums to Rwanda and, at the end of March 2024, had paid £240 million. This covers payments to the Economic Transformation and Integration Fund, which is designed to support economic growth in Rwanda, and payments to cover asylum processing and operational costs for individuals relocated to Rwanda. The government hopes that the partnership will deter people from making dangerous journeys across the English Channel.

The government is introducing these measures in response to growing numbers of people arriving in the UK to claim asylum, many of whom the Home Office will support while it considers their claim, or until it can remove them from the UK if their claim is deemed inadmissible. In the 2023–24 financial year, the Home Office spent an estimated £4.7 billion on asylum support, including £3.1 billion on hotels. The Government counts much of this spending against its Overseas Development Assistance target, meaning it reduces the amount spent on overseas aid projects. At the end of December 2023, there were more than 100,000 asylum seekers in Home Office accommodation, including nearly 46,000 in hotels. The Home Office intends to reduce the number of hotels it is using and reduce costs to the taxpayer. As part of this, it is identifying alternatives to hotels, such as vessels or ex-military bases (large sites) for single adult males, while also increasing room-sharing. It expects its programme to open four large sites to cost £1.2 billion.

Relevant reports

- NAO report: Investigation into asylum accommodation – Session 2023-24 (HC 635)
- NAO report: Investigation into the costs of the UK–Rwanda Partnership – Session 2023-24 (HC 577)
- PAC report: Asylum Accommodation and UK-Rwanda partnership – Session 2023-24 (HC 639)
- Treasury Minute: September 2024 (CP 1151)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1151 above), the remaining recommendations are updated below.

3. PAC conclusion: We are not convinced the Home Office has put in place sufficient measures to safeguard those pending relocation while they wait to hear what will happen to them.

3c. PAC recommendation: The Home Office should also update the Committee quarterly on any penalties issued relating to safety matters (including health and welfare). The update should state for each penalty the size of the penalty, the reason for it, the location concerned, and the contractor to whom the penalty has been issued.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented: November 2024

3.2 Asylum, Accommodation Support Contracts (AASC) provide a mechanism for application of service credits if provider performance does not meet the thresholds within the AASC contract. Accommodation standards are contained within AASC Contract Schedule 2, Statement of Requirements.

3.3 The requirements that accommodation be safe, habitable and fit for purpose are recorded as Key Performance Indicators 5, 6 & 7.

3.4 The Home Office will write to the Committee quarterly detailing the service credits applied in each region for these KPIs.

3.5 The Home Office wrote to the Committee in November 2024 and again in February 2025. The Home Office will continue to provide the Committee with quarterly updates.

6. PAC conclusion: We are disappointed that, despite the Committee previously raising concerns, the Permanent Secretary is still not providing the necessary transparency to enable Parliament to hold the Home Office to account on its asylum and immigration plans.

6. PAC recommendation: As a matter of urgency, and no later than one month after the publication of this report, the Home Office should:

- ***Publish all outstanding Accounting Officer Assessments, including those where there has been a significant change to an ongoing programme, and in the future should publish all Accounting Officer Assessments in a timely manner; and***
- ***Write to the Committee to explain how it intends to share information about negotiations with other countries it is considering for third country processing, while respecting confidentiality.***

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Spring 2025
Original target implementation date: to be advised

6.2 The department published all outstanding Accounting Officer Assessments in December 2024. At the hearing on 9th December, the department confirmed that the Asylum Accommodation Programme remains the only unpublished Assessment. New Ministers' decisions have reset the current programme, requiring a revised business case and Accounting Officer Assessment by the end of March 2025. If there are any delays, the department will update the Committee in writing.

6.3 In support of the Committee hearing on 9th December, we privately shared the Accounting Officer Advice for the Bexhill site with the Committee on 6th December.

6.4 The Home Office is not negotiating with any third country following the decision to end the Migration and Economic Development Partnership with Rwanda. However, the Home Office noted during the Committee evidence session that it is important that the substance of any commercial negotiations it may undertake with international partners is kept private due to their sensitive nature. Should government policy change in future the Home Office will update the Committee as appropriate, recognising the delicate balance between transparency and sensitive negotiations with third parties.

Thirty-fifth Report of Session 2023-24

Department for Science, Innovation and Technology

Supporting mobile connectivity

Introduction from the Committee

For most people in the UK, accessing the internet is part of daily life. Mobile connectivity allows people to access the internet and communicate while on the go and in locations where a wired connection does not exist. The Government therefore considers that access to good-quality mobile connectivity is key to growing the economy.

While a competitive market plays a key role in delivering mobile connectivity, the Government may choose to intervene where there is a weaker commercial case for investment, such as in remote areas. One such intervention is the Shared Rural Network programme, in which the Department for Science, Innovation & Technology and Building Digital UK (BDUK), an agency of the Department, are working with the four mobile network operators—EE, Three, Virgin Media O2 and Vodafone—to deliver reliable 4G mobile coverage to 95% of the UK landmass by December 2025. In support of the 95% target, Ofcom licence obligations commit each mobile network operator to increase its 4G coverage to 88% of the UK landmass by 30 June 2024, and to 90% by 31 January 2027.

The Shared Rural Network programme consists of three elements:

- Partial Not Spots: This element aims to increase coverage in areas where there were at least one, but not all four, mobile network operators offering 4G coverage so that there is coverage from all four in more areas, at an estimated cost to the operators of £532 million.
- Extended Area Service: The Home Office is making available up to 292 masts in remote parts of the UK that it is building as part of its Emergency Services Network programme, and will upgrade these masts so that the mobile network operators can then install the equipment they need to provide commercial 4G coverage.
- Total Not Spots: This element aims to provide 4G coverage in the hardest-to-reach areas of Scotland that did not previously have any such coverage. The Government will provide £501 million over 20 years for this element and to develop the Extended Area Service.

The Government also funds other programmes that aim to create favourable conditions for investment in technologies for the UK's future connectivity needs, such as 5G mobile, and has committed over £500 million since 2017 to this. It has set out its plans in its 2023 wireless infrastructure strategy.

Relevant reports

- NAO report: Supporting mobile connectivity – Session 2023-24 (HC 555)
- PAC report: Supporting mobile connectivity – Session 2023-24 (HC 650)
- Treasury Minute: September 2024 (CP 1151)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1151 above), the remaining recommendations are updated below.

1. PAC conclusion: The Department is not certain what the eventual cost of the Shared Rural Network programme will be, who will bear cost increases and how addressing cost increases will impact on coverage.

1. PAC recommendation: The Department and BDUK should work closely with the mobile network operators to ensure that government:

- ***Gets the information it needs from the operators to gain certainty on the***
- ***cost increases; and***
- ***Uses this information to inform decisions on how cost increases will be managed while at the same time ensuring that coverage targets are met.***
- ***Fully considers emerging new technologies such as low orbiting satellites to ensure investments produce the most cost-effective results.***

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented: December 2024

1.2 Deployment progress from the Office of Communication (Ofcom) confirmed that the overarching goal of 95% UK geographic coverage from at least one mobile network operator (MNO) was reached in December 2024, one year ahead of schedule.

1.3 To ensure taxpayers continue to derive value for money from the programme, cost assurance work was completed in December 2024 by the programme's independent assessor for the Total Not Spots (TNS) project. The cost assurance work undertook analysis including, but not limited to planning, acquisition, build, power and transmission costs. The assessment included comparisons with costs incurred in similar Government projects. As a result, Building Digital UK (BDUK) has developed a reasonable threshold for TNS sites costs and is actively using this to assess cost changes across the project life cycle. Where applicable, the work is also providing insight to individual cost outliers balancing this against benefits for specific sites.

1.4 For the Extended Area Service (EAS) project delivered with the Home Office, a site prioritisation exercise was completed in November 2024, analysis on costs, benefits and deliverability was undertaken to inform the decision on pursuing the best sites for coverage with the best value for money.

1.5 Low orbiting satellites and their benefits continue to be considered throughout the programme where appropriate. Ofcom are consulting on specific proposals to authorise Direct to Device (D2D) satellite services in mobile bands in the UK in early 2025. Security of using such technology is not guaranteed until an official regulatory framework is in place.

2. PAC conclusion: The Department has not identified the specific benefits it is aiming to achieve in the most remote areas of the UK to help guide decisions on where investment is most needed to improve connectivity.

2. PAC recommendation: Now that the proposed locations of Shared Rural Network masts are more certain, the Department should revisit its cost benefit analysis to determine more precisely who will benefit, and how, from its investment in 4G connectivity. It should use this information to inform final decisions on mast locations and numbers and to communicate the case for investment to stakeholders.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented: December 2024

2.2 The Shared Rural Network (SRN) will deliver a range of benefits for the public, consumers, and businesses. Building Digital UK has refreshed its benefits model based on coverage data from the Mobile Network Operators (MNOs) and Ofcom, which gives a more up to date view on the likely benefits which will result from the programme. This analysis has been included in the department's bid at the second phase of the Spending Review.

2.3 The department has conducted baselining for the programme evaluation. This included a large-scale survey of households in areas who will receive upgraded coverage through the programme, which has helped better understand the benefits associated with improved coverage, the challenges associated with no 4G connectivity, and the demand for improved connectivity in these areas. It included analysis on the value that consumers are willing to pay for mobile connectivity – the first of its kind for a decade.

2.4 In addition, the department is undertaking a range of research to further validate the programme benefits. This includes qualitative research with key stakeholders in TNS areas to increase the evidence base on benefits (and challenges) with delivering mobile connectivity to these areas, and research on the additional benefit associated with having coverage from multiple providers.

2.5 All of the research referenced above is due to be published in the coming months, in line with Government Social Research Publication Protocol, along with the full evaluation plan which sets out how BDUK intends to measure who has benefitted from the programme.

3. PAC conclusion: The Department has not confirmed which specific areas are in the 5% of the UK landmass that will not have 4G connectivity, and it does not yet have a plan for ensuring that consumers and businesses in these areas get the connectivity they need.

3. PAC recommendation: With clearer information about the proposed location of masts, the Department should now confirm which areas of the UK will still not have 4G connectivity once the Shared Rural Network programme is complete. It should assess the impact of this on communities in these areas and develop a plan for alternative ways of ensuring they get the connectivity they need.

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

Target implementation date: January 2027

3.2 Upon completion of the site acquisition phase of the programme and when final site plans are in place, analysis will be promptly undertaken to understand which areas will not receive 4G coverage as well an assessment of the impact of this. The department has begun analysis to enable visualisation of coverage, which can be used once the site list is finalised. Digital Mobile Spectrum Limited (DMSL) do already publish a high-level map of where coverage is expected to reach by the end of the programme, available on the Shared Rural Network website and based on the initial radio plan submitted to Ofcom in 2020.

3.3 The department has completed a large-scale baseline survey of households which will receive upgraded coverage but had not yet received it at the time of the survey. This has improved BDUK's understanding of the current impact of living in areas of total or partial not spots.

3.4 It is likely that, while a small percentage of the UK's landmass will remain uncovered, the number of people living and working in these areas will remain extremely low; Ofcom's latest Connected Nations report shows that 99% of UK premises already have indoor access to at least one mobile network operator's 4G network already – meaning that very few premises across the UK are likely to remain without connectivity by the end of the programme. However, the government's ambition is to go further and for all populated areas to have higher-quality standalone 5G by 2030.

4. PAC conclusion: The mobile coverage reported by Ofcom does not always reflect the actual level of service that businesses and consumers experience, and which may sometimes be significantly worse than reported.

4. PAC recommendation: The Department should take urgent action to ensure that it has meaningful data on mobile coverage that reflects people's actual experience. As part of this it should:

- ***Work with Ofcom to develop ways that consumers and businesses can directly report coverage gaps in real-time to help build a more realistic and detailed picture of mobile coverage across the UK;***
- ***Ask Ofcom to examine any cases where areas have lost all mobile connectivity following 3G switch off; and***
- ***Ensure that mechanisms for measuring access to 5G coverage are fit for purpose.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

4.2 In August 2024, the Minister for Data Protection and Telecoms wrote to Ofcom's Chief Executive, asking Ofcom to improve coverage reporting. The Chief Executive responded to the minister's letter in October, outlining a programme of work for this. Both letters have been deposited in the House Libraries.

4.3 In the December 2024 Connected Nations report, Ofcom continued to report on the number of standalone 5G sites. However, Ofcom incorporated standalone 5G into their mobile coverage figures for non-standalone 5G. Therefore, at this stage, meaningful data on standalone 5G availability is not yet available through Ofcom reporting – but the department's clear expectation is that Ofcom will reflect this at the earliest opportunity, and the department has noted the industry's own announcements on 5G standalone deployment, in the case of EE, coverage was available to more than 21 million people by the end of 2024. The department has asked Ofcom to explain how and when it will expand its reporting on standalone 5G.

4.4 In the context of the government's ongoing monitoring of 2G and 3G networks sunsetting, the department wrote to Ofcom on 12 February to ask them to assess any instances in which areas have lost all mobile connectivity following 3G retirement. The department has asked Ofcom to conduct this work and will report on this in the next update.

4.5 Whilst the government has worked with Ofcom to implement this recommendation, further improvements are needed to improve the accuracy and reliability of Ofcom's reporting.

5. PAC conclusion: The Department lacks up to date information to track progress on whether the Shared Rural Network programme will meet its targets for increasing connectivity on roads and premises.

5. PAC recommendation: The Department should work with Ofcom and the mobile network operators to ensure that it can report publicly on progress against its targets for increasing 4G connectivity on roads and premises.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

5.2 Ofcom as part of the Connected Nations reporting series reported good 4G coverage outside of premises with 99% 4G coverage reported by each individual operator. Additionally, 99% of premises enjoy outdoor 4G coverage from all four operators, an increase of 1% from last year's figure of 98%.

5.3 Ofcom similarly reports on 4G road coverage through Connected Nations. 4G coverage is predicted to be available:

- inside vehicles on motorways and A roads across individual MNOs in a range of 89-92%, with a range of 80-83% for B roads.
- outside vehicles, 4G coverage on motorways and A roads ranges between 98-99% across individual MNOs (compared to 94-98% in 2023), and between 95-96% for B roads (compared to 90-95% in 2023).
- The data referenced here is available to view in the Connected Nations: Interactive Report 2024.

5.4 An interim analysis of the progress made towards the roads and premises requirements of the Shared Rural Network, due in 2027, has been conducted by Ofcom. Indicative analysis suggests that the road and premises coverage requirements for the programme have been met. BDUK are working with Ofcom to provide an update on this later in 2025 and BDUK will subsequently seek to publish this update.

6. PAC conclusion: Progress in improving connectivity on UK railways has been hampered by a lack of up-to-date coverage data.

6. PAC recommendation: Working with Ofcom and the Department for Transport, the Department should make a plan for more frequent collection of coverage data on the UK rail network to help it prioritise the rail lines where improvements in coverage is most needed. This information should be published on a regular basis so that rail travellers have clearer information on the coverage they will experience.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

6.2 The Department for Transport's study using scanners fitted to the outside of Network Rail's engineering trains to measure mobile signal strengths on the rail network has been delayed and the government is expecting the first results from the exercise to be available in late Spring 2025.

6.3 In his letter of 28 August 2024 to Ofcom's Chief Executive, the Minister of State for Data Protection and Telecoms highlighted the importance of Ofcom providing regular information on the availability of mobile networks on the railway. The department is in ongoing discussions with Ofcom to agree an approach to regular collection and publication of data on the availability of mobile connectivity on the rail network.

6.4 The Department for Science, Innovation and Technology will outline progress in future Treasury minute updates.

7. PAC conclusion: The Department's plans for supporting investment in 5G infrastructure are undeveloped and it has not articulated what it has achieved from taxpayers' investment to date.

7. PAC recommendation: The Department should set out more clearly what it has achieved from its investment to date in 5G, as well as setting more meaningful and measurable targets for assessing its progress in supporting the roll-out of standalone 5G mobile coverage.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

7.2 The department is working with industry to ensure that all the mobile network operators meet the government's ambition for all populated areas to have higher quality standalone 5G by 2030. The department is undertaking a review of the mobile market to ensure that government has the right policy and regulatory framework to support investment and competition. This includes barriers to deployment, such as planning regulations.

7.3 The government welcomes the progress made by the mobile operators, with Vodafone, Virgin Media O2 and BT/EE launching standalone 5G networks in several major cities and large towns. BT/EEs standalone 5G network now covers an area reaching more than 21 million people. As part of the approval of the merger of Vodafone UK and Three UK by the Competition and Markets Authority, the companies agreed to a Joint Network Plan which will enable £11 billion investment. The Plan requires the merged company to upgrade sites and deploy specific spectrum configurations across the network. Progress will be monitored by Ofcom over the next 8 years. The government welcomes this binding commitment which will play an important role in driving the deployment of mobile connectivity across the UK.

7.4 The interim evaluations of the 5G Testbeds and Trials (5GTT) Programme and the Open Network Programme (ONP) were completed in August 2023 and September 2024 respectively, with findings on GOV.UK. Further evaluation will be available in Spring 2026 (5GTT Final Evaluation) and Autumn 2027 (ONP Interim Evaluation). The department continues to work with industry to deliver the government's 5G ambition and adapt based on evaluation findings.

Thirty-sixth Report of Session 2023-24

Cabinet Office

Investigation into whistleblowing in the civil service

Introduction from the Committee

Whistleblowing is when someone raises a concern about wrongdoing, malpractice or poor practice in the workplace that has a public interest aspect to it. It is important that there are consistent policies and a culture across the civil service that supports and encourages people to speak up. Effective whistleblowing arrangements are important to picking up potential problems early.

The Cabinet Office has oversight of whistleblowing arrangements in the civil service and supports the work of departments. It provides support across government organisations by setting a model policy, offering guidance, training, and collecting whistleblowing data. However, individual departments are responsible for setting their own whistleblowing arrangements and procedures.

In 2023, the government launched a review of the whistleblowing legislation. This is being led by the Department for Business & Trade who are responsible for the Public Interest Disclosure Act 1998 (PIDA).

Over the three-year period from 2019–20 to 2021–22, civil service organisations reported a total of 939 concerns to the Cabinet Office. Around 77% of these were reported by five departments and 40% related to fraud.

Relevant reports

- NAO report: Investigation into whistleblowing in the civil service – Session 2023-24 (HC 357)
- PAC report: Investigation into whistleblowing in the civil service – Session 2023-24 (HC 457)
- Treasury Minute: September 2024 (CP 1151)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1151 above), the remaining recommendations are updated below.

1. PAC conclusion: The Cabinet Office has made slow progress on improving data collection on whistleblowing in the civil service.

1a. PAC recommendation: In its Treasury Minute response to this report, the Cabinet Office should set out the additional data it plans to collect from departments in its annual data collection in 2024 and 2025.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

1.2 The Cabinet Office is finalising the review of the annual data collection for the year 2024-25 with departments, including the widening of the data set to focus on:

- providing clarity and consensus on the categorisation of cases and outcomes;
- clarifying the time taken to conclude an investigation;

- requesting additional information on the experience / treatment of the whistleblower; including whether they have experienced unfair or detrimental treatment;
- ensuring nil responses are submitted;
- following up on cases which were ongoing at the time of collection;
- holding departmental assurance conversations.

1.3 The Cabinet Office Government Chief People Officer wrote to HR Directors on 12 June 2024, to commission the data return for 2023-2024. The final analysis report was shared with HR Directors and Accounting Officers in December 2024, to support understanding of their organisation's position and the wider Civil Service context.

1.4 The Cabinet Office continues to work with departmental leads to ensure that a senior leader in each organisation has oversight of cases and can provide assurance on the Raising a Concern process. This is a key part of the Raising a Concern self-assessment tool (formerly the health check) that was shared with departments.

4. PAC conclusion: The Cabinet Office and other departments do not seek feedback from whistleblowers and so are missing vital insights into the effectiveness of the process.

4. PAC recommendation: In its Treasury Minute response, the Cabinet Office should commit to requiring all departments to collate feedback from whistleblowers at the end of the process. It should implement this immediately and use this information to better understand the whistleblower experience and make improvements.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: April 2025
Original target implementation date: end 2024

4.2 The Cabinet Office worked with departmental leads to develop an anonymised feedback survey. In December 2024, Government People Group agreed with departments that this should be implemented across the Civil Service from April 2025 for whistleblowers to capture their experience from the start of the reporting year, sharing learning across government. Providing feedback is a voluntary measure to ensure that whistleblowers do not feel deterred from raising a concern. Consideration will be given to ensure that those who raise concerns anonymously can also provide feedback. This will help departments and the Cabinet Office understand better why anonymous whistleblowers use this route and explore ways to ensure whistleblowers have a safe experience.

4.3 The Cabinet Office is continuing its work with departmental leads to ensure that there is a senior leader in each organisation who oversees cases where whistleblowers raise subsequent concerns around victimisation or harassment to ensure follow-up actions are captured. The introduction of a civil service-wide whistleblowing champion will help support a safe-to-challenge culture.

5. PAC conclusion: There is a lack of joined up thinking when it comes to sharing good practice across the civil service.

5. PAC recommendation:

- ***The Cabinet Office should work with departments to develop a way of disseminating good practice across the civil service. Within this it should pay specific attention to how this will include smaller organisations and arm's-length bodies.***

- ***It should do this work within 6 months and implement new practices shortly thereafter.***

5.1 The government agrees with the recommendations.

Recommendation implemented: December 2024

5.2. The Cabinet Office continues to build on existing work to share insight and best practice. As part of the 2023-24 data report, following analysis of its findings, the Cabinet Office recommended a series of actions. This included committing all departments to use the Raising a Concern self-assessment tool (formerly the health check).

5.3 The Cabinet Office has built a community of practitioners across government including representatives from smaller organisations and arm's-length bodies. Events, such as the annual whistleblowing conference scheduled to be held by July 2025, and opportunities for sharing learning and best practice across organisations are provided through this community. The Cabinet Office will continue refining the online hub to support the sharing of best practice and to build a strong practitioner community.

5.4 The Cabinet Office has engaged with other organisations in the public sector and wider to gain insight into the whistleblowing landscape and whether different approaches can be brought into the civil service.

5.5 It has been recognised and noted that the nature of the relationship between departments and agencies can vary. As part of the 2024-2025 data collection, departments will be asked to confirm if they are responding on behalf of their agencies or not.

5.6 The Cabinet Office will also explore the development of a mentoring system for Nominated Officers with the community of practitioners so they can support and learn from each other.

Thirty-seventh Report of Session 2023–24

Department for Energy Security and Net Zero

Decarbonising home heating

Introduction from the Committee

The Department for Energy Security & Net Zero (DESNZ) has overall responsibility for achieving net zero, including decarbonising home heating in England and meeting interim emissions reductions targets for five-year periods known as carbon budgets. Heating the UK's 28 million homes accounted for 18% of all UK greenhouse gas emissions in 2021. The main source of these emissions is from burning natural gas to heat homes. Reducing emissions from heating homes is a key component of the government's overall target to achieve net zero emissions by 2050. Households using fossil fuels, such as gas boilers, will need to switch to a low-carbon alternative. This could involve installing a heat pump, which uses electricity to generate heat; connecting to a low-carbon heat network – a communal source of heating delivered to multiple dwellings; or potentially using hydrogen instead of natural gas. The suitability of these alternatives depends on factors including regional geography, house type and the heating system currently in use. Emissions from heating homes can also be reduced by improving energy efficiency, for example by improving insulation, to reduce energy usage and emissions.

In October 2021, the government published its Heat and Buildings Strategy. The Strategy stated the government's ambition to end the installation of new fossil fuel boilers by 2035. It also committed to growing the supply chain for heat pumps to a minimum market capacity of 600,000 heat pump installations per year by 2028, and developing the evidence base to inform strategic decisions in 2026 on the future role of hydrogen in home heating.

DESNZ must reduce emissions while also meeting statutory fuel poverty targets. The government has committed £6.6 billion from 2021–22 to 2024–25 for schemes to improve energy efficiency and install low-carbon heating, and an additional £6 billion from 2025–26 to 2027–28. This includes the Boiler Upgrade Scheme, which provides households in England and Wales with an up-front grant of £7,500 to help cover the cost of replacing fossil fuel heating with a heat pump or biomass boiler. This is an increase from the £5,000-£6,000 grant that had been available between May 2022 and September 2023.

Relevant reports

- NAO report: Decarbonising home heating – Session 2023-24 (HC 581)
- PAC report: Decarbonising home heating – Session 2023-24 (HC 653)
- Treasury Minute: September 2024 (CP 1151)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1151 above), the remaining recommendations are updated below.

1. PAC conclusion: The cost of buying and running heat pumps is a substantial barrier to take-up for most households, at a time when incomes are already stretched.

1a. PAC recommendation: DESNZ should, by end-January 2025, write to the Committee setting out the findings of its evaluation of heat pump take-up among different socio-economic groups, based on the most recent data.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

1.2 The Department for Energy Security and Net Zero published findings on 20th January 2025 from the Evaluation of the Boiler Upgrade Scheme. The department is preparing to write to the Committee imminently. This correspondence will highlight, amongst other things, the details of heat pump take-up amongst different socio-economic groups.

1b. PAC recommendation: DESNZ should, as part of its Treasury Minute response, set out what actions (and accompanying timetable) it will take to address the high running costs of heat pumps.

1.3 The government agrees with the Committee's recommendation.

Target implementation date: to be confirmed

1.4 The implementation of recommendations is dependent on further steers from ministers, and the department will inform the new Committee as soon as an implementation date is agreed.

1.5 The department has evidence that heat pumps are over three times more efficient than gas boilers. However, current differentials in electricity and gas prices do not always make them cheaper to run. Using a smart tariff effectively can save families around £100 a year compared to a gas boiler.

1.6 The department is looking at a range of options for longer term energy market reform, including the rebalancing of gas and electricity prices, with the impact on consumers at the heart of our approach.

1.7. The government is consulting on amendments to product standards for hydronic heating appliances, including efficiency increases for heat pumps, which if adopted could result in bill savings for households of around £22 per year from 2029. The Raising Product Standards for Space Heating consultation will close 25th March 2025.

1.8 The government is investing up to £42 million in the Heat Pump Ready innovation programme to overcome barriers to heat pump deployment and support innovation in product design, including improving performance. The Heat Pump Ready programme is part of the £1 billion Net Zero Innovation Portfolio and builds on the previous £16.5 million Electrification of Heat Demonstration Project. Heat Pump Ready projects are currently underway and will conclude in 2025.

2. PAC conclusion: We are concerned that there is too much complexity and potential confusion for households to enable them to make informed decisions about installing a heat pump.

2. PAC recommendation: DESNZ should, as part of its Treasury Minute response, set out how it will make the heat pump landscape easier for consumers to navigate, for example being clear on the impact of insulation on energy bills, by directly comparing heat pump running costs in homes with and without insulation, with this information provided through an easy-to-use website.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

2.2 The government has a range of activities to make it easier for consumers to switch to low carbon heating. The government provides advice and support in several areas, including the Heat Pump Home Suitability Tool and Find Ways to Save Energy in your home tool which provide bespoke advice to consumers on clean heat and energy efficiency upgrades they can make to their homes, and signposts grant support and further information. This is supplemented by a phoneline service, and the Local Energy Advice Demonstrator programme which will gather evidence on the best ways to engage consumers on a local level on home decarbonisation.

2.3 The government is making improvements to its Heat Pump Home Suitability tool which will include localised links, advice on pipework and radiators, as well as the impact of additional energy efficiency measures such as system upgrades and insulation.

2.4 The government will set out in the Warm Homes Plan how to further improve the heat pump landscape to make it easier for consumers to navigate.

3. PAC conclusion: DESNZ has made good progress in increasing the number of trained heat pump installers, but it faces a huge challenge to make sure there are enough installers to achieve its target to install 600,000 heat pumps per year by 2028.

3. PAC recommendation: DESNZ should, as part of its Treasury Minute response, set out what actions it will take to increase the number of heat pump installers after 2025.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025 (Following phase 2 of Spending Review)

3.2 The government recognises that the number of heat pump installers will need to continue to increase rapidly beyond 2025 and will work closely with industry to ensure that sufficient installers are available to install heat pumps. The Heat Pump Association estimate that the government need to train at least 6,600 installers a year until 2028, and 12,800 from 2028 to 2035 to meet current heat pump deployment projections. Nearly 8,000 individuals completed training in the financial year 2023-24; this is well in line with current workforce training needs. The Heat Training Grant is the main form of government support currently available to upskill the existing heating engineer workforce and provides around 10,000 opportunities for heat pump and heat network professionals. While this scheme is funded until April 2025, decisions on future training support will form part of Spending Review 2025 (SR25).

3.3 In addition, the apprenticeship framework for heating and plumbing was recently updated to ensure it offers the right skills to deliver Net Zero and launched a new Low Carbon Heating Technician apprenticeship in Autumn 2023. This will help bring new entrants into the sector and build a sustainable skills pipeline. The government will continue to work with industry to promote awareness and uptake of this apprenticeship and explore the most effective ways to grow and diversify the installer workforce.

3.4 The Regional Skills Pilots is a £3.5 million investment in the retrofit skills supply chain across the English regions. The pilots support the five local net zero hubs to work with local delivery partners to identify and test solutions to regional challenges. As part of the pilots, over £600,000 will directly support local heat pump supply chains. Other actions include supporting further education colleges to invest in new low carbon skills training facilities and upskill teaching staff to build capacity and capability in the system. Further support for skills pilots will be subject to decisions taken at SR25.

3.5 The department has set up the Office for Clean Energy Jobs, which will support tackling workforce and skills challenges in core energy and net zero sectors, critical to meeting the mission to make the UK a clean energy superpower. The Office is working with the Department for Education and supporting the newly established Skills England to ensure the skills are gained to deliver the Mission, forming a view across the department to feed into Skills England's wider assessment of the UK economy's structural skills needs, and supporting with targeted delivery of specific policy solutions in the energy sector.

4. PAC conclusion: DESNZ is not collecting all the information it needs to monitor progress with installing heat pumps.

4. PAC recommendation: DESNZ should, by end-December 2024 at the latest, develop a mechanism for collecting and monitoring data on heat pump installations across all households in England and publish this data each quarter.

4.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn 2025
Original target implementation date: Winter 2024

4.2 Since September 2024, the department has published a quarterly estimate of the total number of government-supported heat pump installations. However, the figures currently exclude those installations completed without government support, including the majority of installations in new build properties. The statistics covering up to the end of 2024 were published on 6 March. These statistics continue to cover DESNZ Government-supported heat pump installations only, whilst the department develops and tests a new methodology to link different data in order to capture additional heat pumps installed. The department does not expect material changes to the publication content before Autumn 2025.

4.3 There is currently no single data source that measures the number of heat pumps installed. According to the Heat Pump Association more than 60,000 heat pumps were sold in 2023, including around 40,000 Microgeneration Certification Scheme (MCS) certified heat pump installations. Heat pump uptake is increasing – the latest figures for the Boiler Upgrade Scheme show that the number of applications and redemptions in October 2024 was the highest of any month since the scheme began. Up to that month, a total of 37,417 vouchers have been paid out this year, amounting to around £240.4 million since scheme launch. However, new build and installations not using government funding are not required to be MCS certified.

5. PAC conclusion: DESNZ has not yet worked out how it will support households to decarbonise their homes where heat pumps are not a practical solution.

5. PAC recommendation: DESNZ should, by end-December 2024, outline which types of properties and regions it does not expect to be suitable for a heat pump and what alternative low-carbon technologies are available to them, to make sure that no one is left behind or unfairly penalised in the transition to low-carbon heating.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

5.2 The department accepted the recommendation, though the date of implementation will be later than recommended by the former Committee, aligning with the publication of the research report from Summer 2025. The department will provide further information on which types of properties may not be suitable for traditional heat pumps operating at low flow temperatures, and what alternative low-carbon heating technologies may be most appropriate for this group.

5.3 Departmental modelling indicates it would be feasible to install heat pumps in over 90% homes across the UK, based on analysis of their energy efficiency and fuse limit. Results from the Electrification of Heat Demonstration Project show that heat pumps are widely suitable across the diverse range of housing archetypes present in the UK.

5.4 Nonetheless, the department has been monitoring a range of different low carbon heating solutions that could be used in properties that would not be suitable for traditional low temperature heat pumps. These include high temperature heat pumps, air to air heat pumps, electric boilers, heat batteries and storage heaters. Off the gas grid, the department is supporting the installation of solid biomass systems in a small number of appropriate properties through the Boiler Upgrade Scheme.

5.5 The department has commissioned further research that will look at the most feasible and cost-effective approaches to transitioning complex to decarbonise properties onto clean heating systems and intends to publish that research report once it is available from Summer 2025.

7. PAC conclusion: Low-carbon heating will increase demand for electricity, but the government's plans to decarbonise power have been delayed substantially.

7. PAC recommendation: DESNZ should urgently publish its power decarbonisation plan so that people and businesses can be confident that their investment in low-carbon heating will be supported by reliable and green sources of energy. The plan must be published by DESNZ's delivery target of mid-2024 i.e. end-June 2024.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented: December 2024

7.2 Following the General Election and change of government, the new government published the Clean Power 2030 Action Plan in December 2024.

Thirty-eighth Report of Session 2023-24

Department for Transport

Rail reform: The Rail Transformation Programme

Introduction from the Committee

The Department for Transport has overall responsibility for the railways, but the way the rail system works in practice is complex and has led to competing priorities between the public and private bodies involved. In May 2018, there was significant disruption to passengers across the rail network following the failed introduction of a new timetable. In response the Department set up the Williams Rail Review to examine the structure of the rail industry and how passenger services are delivered. The Review called for fundamental change.

In May 2021, the Department published its white paper on rail reform, setting out how the government intended to transform the way the rail system works. It included setting up a new organisation, Great British Railways (GBR), to act as the 'guiding mind' for the railways with responsibility for the whole rail system. It also set out a wide range of changes intended to get the basics right – running trains on time and making travel straightforward and welcoming to customers. By October 2021, the Department had set up its rail transformation programme to deliver reform and created a Great British Railways Transition Team to prepare for the establishment of GBR by March 2024. Between Autumn 2022 and 2023, changes to ministerial and government priorities resulted in delays in the schedule for legislation to enable the establishment of GBR. In November 2023, the government confirmed that such legislation was not expected to be introduced in the current Parliamentary session.

Relevant reports

- NAO report: Rail reform: The rail transformation programme – Session 2023-24 (HC 579)
- PAC report: Rail reform: The rail transformation programme – Session 2023-24 (HC 652)
- Treasury Minute: September 2024 (CP 1151)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 1151 above), the remaining recommendations are updated below.

1. PAC conclusion: It has been six years since the Department identified the need for a root and branch review of the railway, but it has achieved very little in this time.

1. PAC recommendation: The Department should set out, as soon as possible during the next Parliament, how and by when it will successfully deliver the reforms that are urgently needed in the rail sector.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

1.2 The Department for Transport has remobilised to deliver the government's plans as set out in the Labour Party manifesto and Getting Britain Moving.

1.3 The Kings Speech in July 2024 set out that legislation will be introduced in the first Parliamentary session to deliver a once-in-a-generation overhaul of the fundamental rules, structures, and bodies that make up the rail industry via the Railways Bill. The legislation consultation was published in February 2025.

1.4 In September 2024, the government set up Shadow Great British Railways, bringing together leaders from Network Rail, DfT Operator and parts of the Department for Transport to work together and identify early opportunities to improve performance and financial sustainability. The chair of Shadow Great British Railways was appointed in October 2024.

1.5 In October 2024, the government outlined the next steps for rail reform in Britain.

1.6 The Passenger Railway Services (Public Ownership) Act received Royal Assent on 28 November 2024. This enables the government to deliver its manifesto commitment to bring passenger services into public ownership as a first step towards wider rail reform. Southwestern Railway, c2c and Greater Anglia services will be the first to transfer.

1.7 In January 2025, the government introduced simpler train travel for the South East as contactless ticketing rolls out at 47 more stations, guaranteeing passengers get the best fare available at the time on the day.

1.8 The Secretary of State set out five priorities for Shadow Great British Railways at a DfT Operator Ltd conference in January 2025. These include integration, shared standards, fares and ticketing reform, strategic innovation and maximisation of social & environmental value.

1.9 The Secretary of State has announced the government will publish an industry-wide plan for change in Spring 2025.

1.10 The department has established a new Director General-led group to lead and drive the government's ambitions for rail reform.

2. PAC conclusion: There has been too little focus on passengers and taxpayers and hoe to get them a better deal.

2a. PAC recommendation: The Department should commit to producing a specific passenger-focused plan that is clear to passengers what they should expect from travelling on trains following rail reform, including clear targets that train operators are expected to achieve.

2.1 The government agrees with the Committee's recommendation.

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

2.2 The Secretary of State monitors very closely the performance of all existing train operators who run services under contract to the Department and, as the government has made clear during the passage of the Passenger Railway Services (Public Ownership) Act, will transfer services into public ownership as existing contracts expire or take decisive action where poor performance means that contractual conditions for early termination of a national rail contract are met.

2.3 The Public Ownership Act was the first step. The government has launched a consultation to ensure passengers, taxpayers and industry have the opportunity to understand and feedback on the current proposals before the Railways Bill is introduced later in 2025.

2.4 A new Passenger Standards Authority (PSA) will be created to independently monitor standards and champion improvement in service performance. The PSA is intended to act as a one-stop shop for passengers where their interests are protected; they can get advice; have unresolved complaints addressed and where rights and service standards are monitored and reported publicly and transparently. The intention is to establish the PSA alongside Great British Railways once legislation to establish both bodies has been passed.

2.5 The government has committed to the production of a long-term rail strategy that will set out clear strategic objectives for Great British Railways. These will include objectives that focus on the improvement of services to passengers and other customers. To support this, the government will publish a green paper to ensure stakeholders have the opportunity to inform the development of the long-term rail strategy. The target implementation date has been amended to reflect this.

2b. PAC recommendation: The Department should work with HM Treasury to resolve the disincentives in the system so that it can bring the level of Government subsidy on passenger services to a sustainable level and improve value for money for taxpayers. The Department should set out in its Treasury Minute how it is addressing the disincentives ahead of the next Parliament and full rail reform.

2.6 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

2.7 The government is committed to delivering a unified and simplified governance structure for the railways, alongside passenger train services under public ownership, to provide improved services for passengers, better value for money for taxpayers and ensuring decisions across infrastructure and operations are aligned. The government expects to see these outcomes delivered over the course of this Parliamentary term, as new legislation is enacted, and private train operators move into public ownership.

2.8 In the first phase of Spending Review 2025, for the remainder of 2024-25 and financial year 2025-26, the department and HM Treasury agreed a net subsidy settlement for passenger rail services, with risk and reward shared around the baseline 2025-26 settlement.

2.9 In the context of this settlement, and the annual business planning process with the train operating companies, the department is focussed is on reducing the net subsidy through net subsidy reduction initiatives, close management of the cost base and ensuring options for revenue growth are taken forward where appropriate.

2.10 The department is working closely with HM Treasury, as part of the second phase of Spending Review 2025 for 2026-27 to 2028-29, to review options for improving the financial sustainability of passenger rail services. The department is also developing a financial framework under which Great British Railways will be expected to operate.

3. PAC conclusion: It is unacceptable that so much of the rail network remains so difficult to access for so many people.

3. PAC recommendation: The Department should fulfil its commitment to improve access to the rail network for all who wish to use it and does not need to wait for further consultation or legislation to make improvements to station facilities and train services. It should report back to the Committee alongside the Treasury Minute on its plans and timetable for when stations and trains will be accessible to all.

3.1 The government agrees with the Committee's recommendation.

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

3.2 The government will take advantage of the benefits of a unified railway to improve accessibility. Great British Railways will be incentivised by targets and performance criteria set by the Secretary of State, including on accessibility. During the passage of the Passenger Railway Services (Public Ownership) Bill, the government committed to the funding of the next phase of the passenger assist programme which will improve the way that assistance is arranged and delivered.

3.3 The passenger assist improvement programme will continue to deliver incremental improvements over the next 2 years. The government committed to developing a roadmap setting out what it will do to improve accessibility in the railway ahead of the establishment of Great British Railways. The department intends to publish a roadmap later this year. The implementation date has been amended to reflect this.

3.4 It will continue to make improvements to the accessibility of the rail network, including supporting the Access for All programme, which since its launch has delivered accessible, step free routes at more than 260 stations and smaller accessibility improvements at over 1500 stations. The department has recently completed projects at Plumstead and Theale.

3.5 Between 2022 and 2023, the department undertook an accessibility audit of all 2,575 rail stations across Great Britain. This information is being used to improve passenger information on station facilities and their accessibility and better target future investment decisions. The data is available on the Rail Data Marketplace and is, used to update information on station facilities on the National Rail Enquiries website

5. PAC conclusion: Six years since the Department started work on rail reform, it has failed to resolve fundamental disagreements and clarify key aspects of reform.

5. PAC recommendation: The Department should urgently resolve disagreements ahead of taking forward reform in the next Parliament. Its Treasury Minute response should set out what areas remain to be agreed and how it and HMT plan to resolve these.

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented: January 2025

5.2 The department has worked closely with HM Treasury under the new government to take forward rail reform and there is now alignment on the vision and policy, which is set out in the legislation consultation.

6. PAC conclusion: The Department has failed to engage with the workforce to successfully deliver its reform ambitions.

6. PAC recommendation: The Department should meaningfully engage with the workforce in order to implement its reforms successfully. In its Treasury Minute response, it should set out how it plans to engage with the workforce as part of implementing its reforms.

6.1 The government agrees with the Committee's recommendation.

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

6.2 The government acted quickly after the Election to resolve national pay disputes, demonstrating its commitment to resetting industrial relations and fostering a partnership with rail workers and their trade unions.

6.3 There are many conversations ongoing with staff across the sector on wider reform. These are being led both nationally on strategic programmes such as workforce reform which includes conversations with trade union colleagues, but also at a local level through local leadership teams, who are best able to translate the wider reform into the practical day to day opportunities that are presented to support delivery of our service to customers.

6.4 Moving forward, the government is clear that reform is vital to improve productivity and deliver a railway that works for everyone. The unions accepted that principle as part of the government's funding proposals for the pay deals. There is an ongoing need to engage the workforce to deliver reforms. The target implementation date has been amended to reflect this.

Treasury Minutes Progress Reports Archive

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

Publication Date	PAC Reports	Ref Number
March 2025	Session 2017-19: updates on 3 PAC reports Session 2019-21: updates on 1 PAC report Session 2021-22: updates on 9 PAC reports Session 2022-23: updates on 41 PAC reports Session 2023-24: updates on 36 PAC reports	CP 1284
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
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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

Publication Date	PAC Reports	Ref Number
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
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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

Publication Date	PAC Reports	Ref Number
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