Treasury Minutes Progress Report

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

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

December 2023

CP 987

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at:
public.enquiries@hmtreasury.gov.uk

ISBN 978-1-5286-4573-7

E03022635 12/23

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office.

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

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

This is the 19th edition in the series of progress reports since Session 2010-12. Further details of earlier responses to the Committee's recommendations can be found within the reports listed under the relevant reports heading for each report.

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

Reports completed

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

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

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

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

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

Reports completed

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

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

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

Reports completed

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

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

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

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

Reports completed

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

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

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

Reports completed

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

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

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

Reports completed

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

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

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

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

Updates on reports with outstanding recommendations

Reports completed

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

18	Exiting the European Union
19	Excess Votes 2016-17
20	Update on the Thameslink Programme
21	Nuclear Decommissioning Authority's Magnox contract
23	Alternative higher education providers
24	Care Quality Commission: regulating health and social care
25	Sale of the Green Investment Bank
26	Governance and departmental oversight of the Greater Cambridge Greater Peterborough Local Enterprise Partnership
27	Government contracts for community rehabilitation companies
28	Ministry of Defence: acquisition and support of defence equipment
29	Sustainability and transformation in the NHS
30	Academy schools' finances
31	Future of the National Lottery
32	Cyber-attack on the NHS
33	Research and development funding across Government
34	Exiting the European Union: Department for Business, Energy and Industrial Strategy
35	Rail franchising in the UK
37	Exiting the European Union: Department for Environment, Food and Rural Affairs and Department for International Trade
38	Adult Social Care Workforce in England
39	Defence Equipment Plan 2017-2027
40	Renewable Heat Incentive in Great Britain
41	Government risk assessments relating to Carillion
42	Modernising the Disclosure Barring Service
43	Clinical correspondence handling in the NHS
44	Reducing emergency admissions
45	Higher education market
46	Private Finance Initiative
47	Delivering STEM skills for the economy
48	Exiting the EU: the financial settlement

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

84	Bank of England's central services – recommendations for BoE
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 south west
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

Fifth Report of Session 2017-19

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

Managing the costs of clinical negligence in hospital trusts

Introduction from the Committee

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

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

Relevant reports

- NAO report: Managing the costs of clinical negligence in trusts - Session 2017-19 (HC 305)
- PAC report: Managing the costs of clinical negligence in hospital trusts – Session 2017-19 (HC 397)
- Treasury Minutes: March 2018 (Cm 9575)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)
- Treasury Minutes Progress Report: February 2020 (CP 221)
- Treasury Minutes Progress Report: November 2020 (CP 313)
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minute Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Correspondence to the PAC: dated 11 May 2023
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 855 above), the remaining recommendation is updated below.

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

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

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

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 In 2022-23 the total cost of clinical negligence claims managed by NHS Resolution £2.6 billion. This is approximately 1.7% of the NHS resource budget. These rising costs are an important issue that government needs to tackle, and Ministers are considering next steps. No further changes to legislation are currently planned.

2.3 The government and the NHS have taken significant steps forward. On 15 September 2023 the department published its response to the 2022 consultation, Fixed recoverable costs in lower damages clinical negligence claims, on proposals to reduce costs and fast track resolution for clinical negligence claims up to £25,000. The Department of Health and Social Care is now engaging with the Civil Procedure Rules Committee on the proposed reforms. The intention is that the new rules will come into force on the common commencement date for secondary legislation during 2024.

2.4 While the department will continue this work, patient safety remains a priority. The Health Services Safety Investigations Body, established in October 2023, will conduct independent, expert led national safety investigations – continuing the work of the previous Healthcare Safety Investigations branch (HSIB). In addition, from October 2023 the Care Quality Commission began hosting the Maternity Investigation Programme (previously with HSIB) and will conduct independent, and family centred maternity investigations. For maternity services, the department has added £165 million of recuring investment to the annual maternity budget since 2021, to grow and support the maternity workforce and neonatal care.

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

Thirty-sixth Report of Session 2017-19

Home Office

Reducing modern slavery

Introduction from the Committee

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

Relevant reports

- NAO report Reducing Modern Slavery: Session 2017-19 (HC 630)
- PAC report Reducing Modern Slavery: Session 2017-19 (HC 866)
- Treasury Minutes: June 2018: (Cm 9643)
- Treasury Minutes: Progress Report: March 2019: (CP 70)
- Treasury Minutes: Progress Report: February 2020: (CP 221)
- Treasury Minutes Progress Report: November 2020 (CP 313
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 855 above), the remaining recommendation is updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Home Office has continued to take steps to address this recommendation in a number of ways since the last update in June 2023, in order to allocate and track resources and activities better and ensure value for money.

1.3 Following the introduction of the Nationality and Borders Act (NABA), in August 2023 the Department published its Modern Slavery: National Referral Mechanism and Duty to Notify UK statistical publication. The department uses this data to help monitor specific measures introduced in the NABA, such as disqualifications and timeliness of reasonable grounds decisions.

1.4 To ensure current programme spend is in line with programme objectives and government guidelines, the department has quarterly reporting against KPIs to monitor how programme funding is spent.

1.5 Since June 2023, the department has introduced new processes to ensure procurement is appropriately managed to drive value for money across the project.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 855 above), the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

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

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

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

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

1.5 At present, whilst litigation is still ongoing and until it concludes, the department is unable to meet the recommendation made by the Committee and therefore, the target date for this recommendation has been revised to Autumn 2024.

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

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

5.1 The government agrees with the Committee's recommendation.

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

5.2 The 10% void target by March 2022 was agreed with the Committee in response to the PAC report: Ministry of Defence's contract with Annington Property Limited. The September 2023 Service Family Accommodation (SFA) void rate was 19.36%, or 9,273 of 47,900 SFA properties. Of these, 3.411 are below the minimum standard for allocation due to their condition, and we are refurbishing around 1000 this Financial Year in areas of existing high demand. A further 1,091 have been identified for disposal over the next 3-4 years. Some 4,478 are available for allocation, and demand for these is expected to be very high once entitlement to Family Accommodation is extended to many thousands more personnel under the New Accommodation Offer (previously known as the Future Accommodation Model) in March 2023. The remainder are ring-fenced for unit moves.

5.3 Due to the anticipated increase in SFA demand under the New Accommodation Offer, the date for achievement of the 10% void level was revised to November 2026 to align with the project's planned Full Operational Capability (FOC) date. Modelling suggests a total accommodation requirement of c.52,000 at FOC, utilising c.46,000 of existing SFA on an enduring basis, with the balance satisfied through Private Rental Sector supply.

5.4 Disposals for Financial Years 2023-24 and 2024-25 will be c.390 SFA each year, built around meeting the minimum annual contractual hand-back requirement of 375 units to Annington Property Limited, plus a small number of MOD owned disposals, limited to those sites where there is confidence that SFA supply will exceed post the New Accommodation Offer demand. Service Personnel behaviours under the New Accommodation Offer will inform future years' disposal plans.

5.5 Reaching a 10% void rate by November 2026 is achievable, albeit predicated upon the materialisation of modelled demand and sufficient funding to return in excess of 3,000 SFA to an acceptable condition to satisfy this demand.

5.6 It should be noted that Defence Infrastructure Organisation (DIO) has ringfenced 700 void SFA in support of the Afghan Relocation and Assistance Policy, of which 250 are already leased. 200 SFA are being used for transitional accommodation for 3 – 6 months for the same scheme.

Sixty-seventh Report of Session 2017-19

Home Office

Financial sustainability of police forces in England and Wales

Introduction from the Committee

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

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

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855), the remaining recommendation is updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

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

3.2 The government recognises that the current police funding formula is out of date and no longer accurately reflects demand on policing and is working towards completion of the first phase of the Review. Timelines for consultation and implementation are subject to confirmation by Ministers, taking account of the wider context.

3.3 Since the last update to the Committee in June 2023, the Police Funding Formula Review has continued to make progress and the government has been able to confirm that it is working towards the publication of a first phase public consultation. While there have been delays to the publication of this public consultation due to wider governmental pressures, officials continue to work towards publication in winter 2023 and the completion of this recommendation.

3.4 Both a Senior Sector Group (SSG) and a Technical Reference Group (TRG) have continued to meet on a regular basis to advise on developing specific components of the new formula, considering the demands facing each force and the impact of local factors on the resource required to meet demand. This is essential to give forces equal opportunity to deliver good policing services to their communities.

3.5 The priority is to deliver a robust, future-proofed funding formula that allocates funding in a fair and transparent manner. Although officials are working to introduce new funding arrangements as soon as possible, they continue to focus on the quality and longevity of the new formula in partnership with the sector and representatives within the SSG and TRG.

Eighty-second Report of Session 2017–19

The Home Office

Windrush generation and the Home Office

Introduction from the Committee

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendation is updated below.

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

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

2.1 The government agrees with the Committee's recommendation.

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

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

2.3 The Home Office has revised the target implementation date to March 2024 in order to prioritise the technical delivery for the IMA (Illegal Migration Act).

2.4 Access to the legacy Case Information Database (CID) will be restricted to read-only for all users before the legacy system is decommissioned. This has already occurred for all Border Force Officers.

2.5 Initial migration of Work in Progress cases from CID to Atlas has commenced.

Eighty-fifth Report of Session 2017-19

The Department of Health and Social Care

Auditing Local Government

Introduction from the Committee

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

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

Relevant reports

- NAO report: Local auditor reporting in England 2018 – Session 2017-19 (HC 1864)
- PAC report: Auditing local government – Session 2017-19 (HC 1738)
- Treasury Minutes: May 2019 (CP 97)
- Treasury Minutes Progress Report: February 2020 (CP 221)
- Sir Tony Redmond's independent review: Local authority financial reporting and external audit: September 2020
- Treasury Minutes Progress Report: November 2020 (CP 313)
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Correspondence to the Committee: 18 June 2021 (unpublished by the Committee)
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: correspondence dated January 2022
- Treasury Minutes Progress Report: June 2022 (CP691)
- Treasury Minutes Progress Report: correspondence dated June 2022
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Correspondence to the Committee: 15 May 2023
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 855), the remaining recommendation is updated below.

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

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

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

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

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Department of Health and Social Care's accounting officer system statement has been updated and expands upon the points raised in the Committee's recommendation. It is currently in review and will be published by early 2024.

One Hundred and Fifth Report of Session 2017-19

Ministry of Housing, Communities and Local Government

Local Enterprise Partnerships: progress review

Introduction from the Committee

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

Relevant reports

- NAO report: Investigation into the governance of Greater Cambridge Greater Peterborough Local Enterprise Partnership – Session 2017-2019 (HC410)
- PAC report: Local Enterprise Partnerships: progress review – Session 2017-2019 (HC1754)
- Treasury Minute: October 2019 (CP 176)
- Treasury Minutes Progress Report: November 2020 (CP 313)
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

The Ministry of Housing, Communities and Local Government is now known as the Department for Levelling Up, Housing and Communities. Following the government's last response to the Committee on this report: (CP 855 above), the remaining recommendation is updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 The West Midlands was the last area of the country where overlapping Local Enterprise Partnership (LEP) boundaries remained, caused by the creation of the Greater Birmingham and Solihull LEP (GBSLEP). In the process of integrating LEP functions into the West Midlands Combined Authority (WMCA), the GBSLEP has now removed its overlapping boundaries with seven Staffordshire and Worcestershire districts which were also in their respective county LEPs.

3.3 On 4 August 2023, following an information gathering exercise undertaken by the Department for Levelling Up, Housing and Communities and Department of Business and Trade, the government confirmed its decision to withdraw central government support (core funding) for LEPs from April 2024. From this date the government will instead support local and combined authorities to deliver the core functions currently delivered by LEPs.

One Hundred and Fourteenth Report of Session 2017-19

Ministry of Housing, Communities and Local Government and Homes England

Help to Buy: Equity Loan scheme

Introduction from the Committee

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

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 855 above), the remaining recommendations are updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

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

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

3.3 At the last update, the department had a target publication date of December 2023. Following the extension and subsequent end of the scheme in May 2023, the department has now secured the dedicated resource needed to take this evaluation forward. It is currently completing the internal scoping required, before issuing a tender in early 2024, with a revised target date for publishing the final evaluation of Autumn 2024.

3.4 In the interim, officials committed to reviewing the end of the 2013-21 scheme and the early performance of the new scheme. This interim evaluation was submitted to the Committee in September 2022.

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

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

5.1 The government agrees with the Committee's recommendation.

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

5.2 The department remains committed to undertaking a further evaluation (see response to Recommendation 3a above). This work will examine the new-build premium and the impact of Help to Buy. The department has asked for the timetable for the completion of this work to be moved due to the extension of the Help to Buy 2 scheme. The department has now secured the dedicated resource needed to take this evaluation forward. It is currently completing the internal scoping required, before issuing a tender in early 2024, with a revised target date for publishing the final evaluation of Autumn 2024.

One Hundred and Nineteenth Report of Session 2017-19

The Home Office

Serious and Organised Crime

Introduction from the Committee

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

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

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

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendation is updated below.

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

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

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: December 2023
Original target implementation date: Summer 2020

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

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

5.4 The department is currently working closely with stakeholders to finalise a refreshed set of guidance which focuses on the core role of PCCs. The guidance will be published on GOV.UK very shortly.

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

Reports completed

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

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

Updates on reports with outstanding recommendations

Reports completed

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

25	Asylum accommodation and support transformation programme
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

Twenty-sixth Report of Session 2019-21

Department for Work and Pensions

Department for Work and Pensions Accounts 2019-20

Introduction from the Committee

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

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

Relevant reports

- DWP report: DWP Annual Report and Accounts 2019-20 (HC 401)
- PAC report: DWP Accounts 2019-20 – Session 2019-21 (HC 681)
- Treasury Minutes: February 2021 (CP 376)
- Treasury Minutes Progress Report: May 2021 (CP 424)
- Treasury Minutes Progress Report: November 2021 (CP 549)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 765 above), the remaining recommendation 2 has now been superseded by recommendation 1 in the Committee's report: The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system (Twenty-Fifth Report of Session 2021-22, HC 633.)

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

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

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

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

2.1 The government agrees with the Committee's recommendation.

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

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 855 above), the remaining recommendations are updated below.

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

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

2.1 The government agrees with the Committee's recommendation.

Revised target implementation date: March 2024
Original target implementation date: alongside Spending Review 2021

2.2 The government recognises the important role local authorities have to manage local flood and coastal risks. The Department for Levelling Up, Housing and Communities (DLUHC) understands the desire for clarity on distribution reform and recognises that now is the time for stability. As such DLUHC have confirmed that they will not be proceeding with the Review of Relative Needs and Resources or Business Rates Reset during the current spending review period.

2.3 The Department for Environment, Food and Rural Affairs (DEFRA) is conducting an assessment of local flood and coastal risk compared to local authority spend. This work is ongoing and is now expected to conclude by March 2024. The revised implementation date will enable the analysis to reflect changes to local government funding policy and settlements over the last two years, and the recent availability of updated data on surface water flood risk. This means the assessment is significantly more representative of the current situation.

2.4 In addition to the existing resources available to local authorities to manage flood risk, DEFRA has established a £100 million Frequently Flooded Allowance, providing additional grant in aid for flood schemes in communities that have suffered repeated flooding, (with the first round of allocations announced in April 2023). On private sector contributions, at the end of June 2023, the current capital programme (2021 to 2027) had already secured £128 million in private sector contributions – more than doubling the £55 million secured across the whole of the previous six-year programme (2015 to 2021).

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

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

5.1 The government agrees with the Committee's recommendation.

Revised target implementation date: end of 2023
Original target implementation date: Spring 2023

5.2 DEFRA has committed to develop an overall national set of indicators to monitor long-term trends over time in tackling flood and coastal erosion in England. A research project to inform the development of long-term indicators was published in November 2022 and further research is now exploring data collection and development of potential indicators through the £200 million flood and coastal resilience innovation programme. The department will provide an update on progress to develop a national set of indicators by the end of 2023.

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

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

6.1 The government agrees with the Committee's recommendation.

Revised target implementation date: March 2024
Original target implementation date: Summer 2022

6.2 The government uses a partnership funding approach to allocate grant in aid to floods projects, with households in deprived communities receiving higher payment rates. The Environment Agency publishes data on flood and coastal erosion risk management work carried out by risk management authorities annually, including the investment and outcomes (properties better protected) in deprived areas and across regions. The pattern of regional investment reflects variations in levels of flood risk, level of benefits and the available pipeline of schemes.

6.3 Since the Committee's recommendations, the department has ensured that more data on investment levels are published annually. This data has illustrated an increase in investment across the country's 20% most deprived areas – from 8% in 2019-20 to 23% in 2022-23. In addition, the department's analysis to understand whether there are any structural issues driving this profile of investment in deprived communities is due to conclude in by March 2024, having taken account of the latest data on investment patterns and addressed the complexity of the analysis which was greater than originally foreseen. Once concluded, this work will enable the department to examine the assumptions underpinning the recommendation.

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: Spring 2024
Original Target implementation date: end of 2023 – subject to the passage of the Levelling Up and Regeneration Bill.

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

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

Updates on reports with outstanding recommendations

Reports completed

#	Report Title
2	BBC strategic financial management (responded directly to the Committee)
3	COVID-19: Support for children's education
4	COVID-19: Local Government finance
5	COVID-19: Government support for charities
6	Public Sector pensions

8	COVID-19 Culture recovery fund
10	Overview of the English Rail System
12	COVID-19 Cost tracker update
13	Initial lessons from government response to COVID-19 pandemic
14	Windrush compensation scheme
15	DWP employment support
16	Principles of effective regulation
17	HS2 Summer 2021
18	Government delivery through arms-length bodies
19	Protecting consumers from unsafe products
20	Optimising the Defence estate
21	School funding
22	Improving the performance of major defence equipment contracts
23	Test and Trace update
24	Crossrail – progress update
26	Lessons from Grensill Capital: accreditation to business support schemes
27	Green Homes Voucher Scheme
28	Efficiency in government
30	Challenges in implementing digital change
31	Environmental land management scheme
33	Underpayments of the State Pension
35	The pharmacy earlier payment and salary advance schemes in the NHS
39	DWP Employment kickstart scheme
40	Excess Votes 2020-21 – Serious Fraud Office
45	Progress with trade negotiations
47	Academies sector annual report and accounts 2019-20
48	HMRC's management of tax debt
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)

Update to the government response to the Committee

Following the government's last response to the Committee on this report: (CP 855 above), the remaining recommendation is updated below by the Department for Transport, the Department for Energy Security and Net Zero and the Department of Business and Trade.

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

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

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

4.1 The government agrees with the Committee’s recommendation.

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

4.2 The Department for Environment, Food & Rural Affairs (DEFRA) is committed to publishing a consultation on domestic batteries legislation to ensure there is an appropriate legal framework governing increasing numbers of EV batteries. This consultation is expected to be published by spring 2024 and will form the basis of future regulations, including the standards that producers must meet for the treatment of EV batteries that reach end-of-life. The revised target implementation date is the result of needing to gather additional data to support the Impact Assessment and prioritising existing resources towards planned regulatory reform elsewhere, in line with the needs of wider Government business.

4.3 In August 2023 the Department for Business and Trade (DBT) announced a call for evidence seeking views on the opportunities, challenges, and priorities for the battery sector with a view to inform the development of a UK Battery Strategy, to be published in the coming months. As set out in the call for evidence, The UK is incentivising the growth of battery repurposing, reuse, and recycling to create a closed-loop supply chain for battery manufacturing, increasing sustainability and reducing reliance on the mining of raw materials. The UK government expects battery design, development, manufacturing, and recycling to play an essential role in meeting our net zero targets. DBT will continue to work closely with DEFRA as part of the Battery Strategy, including on recycling.

Seventh Report of Session 2021-22

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

Adult Social Care Markets

Introduction from the Committee

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 855 above), the remaining recommendations are updated below:

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

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

5.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2024

5.2 The Care Quality Commission's assessment framework went live on 1 April 2023. CQC completed 5 pilot assessments (Nottinghamshire, Lincolnshire, Birmingham, North

Lincolnshire, and Suffolk). Learning from the pilots will be incorporated into roll-out, due to begin before the end of the year. The Department of Health and Social Care announced funding in September 2023 for local authorities (LAs) to familiarise themselves with the assessment process.

5.3 In 2023-24, the department is providing £16 million to partners to make help available to LAs, including facilitating peer collaboration; providing best practice examples; toolkits; training; and hands-on support. This includes support on commissioning, market shaping, contingency planning and mitigating market failure. A new package of support to strengthen LA market shaping and commissioning capabilities is in development, including the 'Commissioning for the Future' pilot training programme, commencing 2024-25 for senior commissioners. In August 2023, the department published a new adult social care intervention framework for LAs. This set out processes to provide support, guidance and challenge to authorities failing to deliver duties under the Care Act 2014.

5.4 The CQC's Market Oversight Scheme continues to monitor the financial health of the largest and most difficult-to-replace adult social care providers. The main purpose of the Market Oversight Scheme is to provide early warning to LAs in the event of market exit by a difficult-to-replace provider, to enable LAs to stand up local contingency plans and minimise disruption to people's care. In addition, the department continues to pursue additional means of improving contingency planning to cover a wide range of eventualities, including major provider failure.

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

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

6.1 The government agrees with the Committee's recommendation.

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

6.2 Although the government agrees with the Committee's recommendation, it disagrees with the proposed implementation date.

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

6.4 The government has been considering a new requirement for CQC registered adult social care providers to be more transparent about their fees. Any new requirement would be a legislative change and the Department will consider this change as part of wider work on amending CQC regulations.

6.5 Officials undertook a Post Implementation Review (PIR) of three sets of regulations within which the CQC operate. The results of the PIR were published on 13 July 2023 Post-implementation review report. This was a necessary preliminary step before the more detailed review of CQC regulations.

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

Ninth Report of Session 2021-22

Cabinet Office, HM Treasury and Department for Work and Pensions

Fraud and Error

Introduction from the Committee

Fraud is estimated to account for 40% of all crime committed across the UK. Fraud and error in public spending are estimated to cost the taxpayer up to £51.8 billion every year, around £25 billion of which is outside the tax and benefits system. Each Department is responsible for managing its own risks of fraud and error leading to varying approaches depending on their understanding of the risks and the importance given to them. In 2018 Cabinet Office established a Government Counter Fraud Function which works to increase the understanding of fraud risks and threats to government by instilling professional standards and bringing together the 16,000 counter fraud professionals across the public sector. HM Treasury is responsible for setting out the counter fraud requirements for government departments and approving policy spend.

Government introduced many vital support schemes in response to the COVID-19 pandemic, with BEIS, DWP and HMRC responsible for some of the schemes identified as having the highest risk of fraud or error. Between April 2020 and March 2021, fraud within Universal Credit rose to an all-time high of 14.5% and BEIS estimates between 35% and 60% of loans issued through the Bounce Back Loan Scheme may not be repaid.

Relevant reports

- NAO report: Good practice guidance: Fraud and error – Session 2021-22 (HC 253)
- PAC report: Fraud and Error – Session 2021-22 (HC 253) Cabinet Office
- Treasury Minute: September 2021 (CP 520)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 765 above), the remaining recommendation has been superseded by recommendation 1of the Committee's report: The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system (Twenty-Fifth Report of Session 2021-22. HC 633).

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

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

3.1 The government agrees with this recommendation.

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

Eleventh Report of Session 2021-22

Ministry of Housing, Communities and Local Government

Local auditor reporting on local government in England

Introduction from the Committee

In 2019-20, the 487 local authorities, local police and local fire bodies in England were responsible for approximately £100 billion of net revenue spending. Local authorities are responsible for delivering many of the public services which local taxpayers rely on every day. The Local Audit and Accountability Act 2014 (the 2014 Act) set out the local audit arrangements from 1 April 2015 that apply to local authorities. Multiple organisations play a part in the local audit system, including: the Ministry of Housing, Communities & Local Government (the Department); the National Audit Office (NAO); Public Sector Audit Appointments Ltd (PSAA); the accountancy institutes: the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute for Chartered Accountants of England and Wales (ICAEW); the Financial Reporting Council (FRC); and audit firms. The Department has oversight of local authorities and is responsible for maintaining a set of statutory codes and rules for local authorities. The NAO maintains a code of audit practice for audits of local authorities and issues guidance to auditors. PSAA is responsible for securing arrangements for the independent appointment of auditors on behalf of local authorities which opt into its services and for setting audit fees. The external auditors audit the financial statements of local authorities and conclude on whether an authority has made proper arrangements for securing value for money. The FRC monitors and reports on the quality of these audits. The Department for Business, Energy and Industrial Strategy (BEIS) will become the sponsor department for the new Auditing, Reporting and Governance Authority (ARGA), once it is established, but the Department will hold Accounting Officer responsibility for the local government role of ARGA.

Relevant reports

- NAO report: Timeliness of local auditor reporting on local government in England 2020 – Session 2019-21 (HC 1243)
- PAC report: Local auditor reporting on local government in England – Session 2021-22 (HC 171)
- Treasury minute: September 2021: (CP 520)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 855 above), the remaining recommendation is updated below. The Ministry of Housing, Communities and Local Government is now known as the Department for Levelling Up, Housing and Communities.

4: PAC conclusion: The rapidly diminishing pool of suitably qualified and experienced staff increases the risks to the timely completion of quality audits.

4: PAC recommendation: The Department should work with the FRC and the accountancy institutions to implement accelerated training and accreditation to increase the supply of qualified auditors quickly, and to build attractive career paths in local audit.

4.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

4.2 The Department for Levelling Up, Housing and Communities’ vision of a strong, resilient local audit sector is dependent on an attractive, sustainable market of suitably qualified and experienced auditors.

4.3 Market testing conducted by the department demonstrated strong support for the development of a new local audit qualification to facilitate experienced auditors moving across to local audit. Following a successful procurement exercise, the Chartered Institute of Public Accountancy has been contracted to develop and roll out a qualification designed to bridge the gap between the corporate and local audit qualifications, thereby widening the pool of auditors. The scheme is intended to act as a supplement to the technical skills and expertise of the local audit market and to build capability as well as increase capacity, particularly among new market audit firm entrants. The new qualification will also provide a path for more senior auditors to move towards becoming Key Audit Partners. The first cohort for the course is expected to be enrolled in early 2024.

4.4 The Financial Reporting Council (FRC) is progressing work on the local audit Workforce Strategy's initial recommendations for short to medium term measures. An update will be presented to the Local Audit Liaison Committee in December; after which the FRC will update the Public Accounts Committee directly on these and anticipated timelines.

Twenty-fifth Report of Session 2021-22

Department for Work and Pensions

The Department for Work and Pensions' Accounts 2020-21 – Fraud and error in the benefits system

Introduction from the Committee

The Department for Work and Pensions (the Department) is responsible for the delivery of work, welfare, pensions and child maintenance policy. It serves over 20 million claimants and customers. In 2020–21, the Department spent £212.2 billion on benefits (£111.4 billion excluding State Pension). Benefit payments are susceptible to both deliberate fraud by organised crime groups and opportunistic individuals, and unintended error by claimants and the Department. Both claimants and the Department can also make mistakes, which leads to payments made in error. The Comptroller & Auditor General (C&AG) has qualified the Department's accounts every year since 1988–89 due to material levels of fraud and error in benefit expenditure. The C&AG qualified the Department's 2020–21 accounts for fraud and error in all benefits except State Pension. The Department overpaid £8.3 billion (7.5% of its benefit expenditure excluding State Pension) and underpaid £2.2 billion (2% of its benefit expenditure excluding State Pension) in 2020–21. The Department refers to this as a level of fraud and error of 3.9% across all its benefit expenditure, including State Pension.

The number of benefits cases that the Department needed to administer increased significantly as a result of the COVID-19 pandemic. The number of people on Universal Credit rose from 3 million in March 2020 to almost 6 million by March 2021. It managed this increase in caseload at the start of the pandemic in part by pausing some of the controls used to prevent fraud and error occurring. Since June 2020, the Department has started to adapt or reintroduce those controls.

Relevant reports

- NAO report: DWP Annual Report and Accounts 2020-21 – Session 2021-22 (HC 422)
- NAO report: Report on Accounts – Session 2021-22
- PAC report: The Department for Work and Pensions' Accounts 2020-21 – Fraud and error in the benefits system - Session 2021-22 (HC 633)
- Treasury Minute: January 2022 (CP 603)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 855 above), the remaining recommendation is updated below.

1: PAC conclusion: The scale of fraud and error in the benefit system has almost doubled during the pandemic from what was already the highest rate since records began.

1: PAC recommendation: We again recommend that the Department takes action to achieve a sustained reduction in fraud and error across all benefits. Alongside its Treasury Minute response, the Department must set clear targets for reducing fraud and error, by benefit and risk area, against which progress can be measured, and base these on its planned counter-fraud activities and investments.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 In its Annual Report and Accounts 2022-23 the Department for Work and Pensions set a detect Annual Managed Expenditure (AME) savings target of £1.3 billion in 2023-24, aligned to the activity funded by HM Treasury.

1.3 The DWP will report on its performance against this AME savings target in the 2023-24 Annual Report and Accounts and will continue to work with the NAO to provide the appropriate context around the target in the absence of a stable baseline.

Twenty-ninth Report of Session 2021-22

Home Office

National Law Enforcement Data Programme (NLEDP)

Introduction from the Committee

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 855 above), the remaining recommendation is updated below:

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

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

5.1 The Government agrees with the Committee's recommendation.

Revised target implementation date: February 2024
Original target implementation date: April 2022

5.2 The Home Office continues to work on the business case for maintaining the PND and ensuring that this fits with wider technology changes happening in the policing technology arena, making expansion of access to PND possible, and as a first step towards enabling access to PND data via the Law Enforcement Data Service.

5.3 In October 2023, interim spend of £14.2 million was approved by the Department's Investment Committee. This will enable preparatory work and the first phase of delivery to commence while a route to funding PND in financial year 2024-25 is confirmed, as financial year 2024-25 costs are currently an unaffordable pressure on existing departmental budgets.

5.4 As a result of the funding risks, the department has needed to extend the business case submission date again and will write to the Committee as part of its agreed quarterly update once the business case is approved.

Thirty-second Report of Session 2021-22

Department for Digital, Culture, Media and Sport

Delivering gigabit-capable broadband

Introduction from the Committee

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

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

Relevant reports

- NAO report: Improving broadband – Session 2019-21 (HC 863)
- PAC report: Delivering gigabit-capable broadband – Session 2021-22 (HC 743)
- Treasury Minutes: April 2022
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 855 above) the Department for Science, Innovation and Technology (DSIT) was established in February 2023 and now has responsibility for broadband rather than the former Department for Digital, Culture, Media and Sport. The remaining recommendation is updated below.

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

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

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The Department for Science, Innovation, and Technology (DSIT) wrote to the Committee on 23 November 2023, setting out its plans beyond 2025. The letter shows how Building Digital UK (BDUK) is putting in place the building blocks to deliver on its objective of nationwide coverage by 2030, noting that the department has already made over £2 billion of funding available through signed contracts and procurements.

6.3 In April 2023, the DSIT announced an £8 million fund to promote satellite connectivity to up to 35,000 Very Hard to Reach premises. In October 2023, DSIT also launched a consultation on improving broadband for the remaining Very Hard to Reach premises in rural and remote areas that are unlikely to be economic or practical for gigabit delivery by 2030. The government will publish its response in due course.

Thirty-fourth Report of Session 2021-22

Department for Levelling Up, Housing and Communities and HM Treasury

Local Government Finance System: Overview and Challenges

Introduction from the Committee

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

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

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

Relevant reports

- NAO report: The local government finance system in England: overview and challenges – Session 2021-22 (HC 858)
- PAC report: Local Government Finance System: Overview and Challenges – Session 2021-22 (HC 646)
- Treasury minute: April 2022 (CP 649)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 855 above) the remaining recommendation is updated below.

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

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

7.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

7.2 The Levelling Up White Paper recognised that the local funding landscape is characterised by fragmented overlapping funds, each seeking to improve place-based economic development.

7.3 The Secretary of State for Levelling Up announced the Funding Simplification Plan on 4 July 2023, committing the government to continually improving the delivery of funding to local authorities. The plan is structured around three reform phases.

7.4 The first phase covers immediate steps the department is taking to simplify delivery of existing funds. This includes the ‘Simplification Pathfinder Pilot’ to test the streamlined delivery of capital funding in ten local authorities who are all in receipt of funding from three complementary capital programmes. These authorities will be able to move funding between projects in their portfolio, giving greater flexibility to determine how capital funding is invested in their local area.

7.5 Other measures in phase one include a new project adjustment request process for Future High Streets Fund, Towns Fund and Levelling Up Fund, giving flexibility to make changes to agreed funding outputs or outcomes up to 30%. In future, the department will review existing ringfences and challenge other government departments on whether their grants can be rolled into the Local Government Finance Settlement. For 2023-24, the department has consolidated four grants totalling £230 million.

7.6 The second phase commits to a ‘Funding Simplification Doctrine’ in 2024, requiring departments to strive for a simpler, more streamlined way of delivering funding to local authorities, including delivering new funding through existing programmes or considering allocative distribution approaches.

7.7 The final phase covers reforms to be implemented at the next Spending Review, including multi-year, single departmental-style funding settlements for the Trailblazer Mayoral Combined Authorities (Greater Manchester and West Midlands). The single funding settlements will give them the flexibility and long-term funding certainty they need for their areas, while providing performance assurance through a single outcomes-based accountability framework. The government’s ambition is to roll this model out to all areas in England with a devolution deal and an elected leader over time.

7.8 At present, the majority of funding provided through the Local Government Finance Settlement, which distributes revenue funding to local authorities, is un-ringfenced recognising that local areas are best placed to understand their spending priorities. The government has confirmed that previous commitments to carry out a Review of Relative Needs and Resources will not take place in this Spending Review period, but remains committed to improving the system in the next parliament. This will involve working closely with local government representatives to identify opportunities, including where funding could be rationalised further, before consulting on any changes.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendation has been updated by the Home Office.

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

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

1.1 The government agrees with the Committee’s recommendation.

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

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

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

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

1.5 The government is engaging with Port of Dover, Eurostar / High Speed1 (St Pancras) and EuroTunnel / Getlink to understand and support their implementation plans. The government is also working closely with the French Ministry of Interior and are engaging with the European Commission. The Department for Transport and Home Office analyst teams are working with ports and carriers to model the cumulative impact of normal traffic and the additional requirements of EES on passenger flow and timings at each location.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendations are updated below.

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

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

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

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 HM Revenue & Customs (HMRC) published an updated level of error and fraud in research and development tax reliefs in the Annual Report and Accounts 2022-2023, based on the results from a Mandatory Random Enquiry Programme (MREP) for Small and Medium Enterprises (SME) claims in both the SME scheme and Research and Development expenditure credit (RDEC) scheme.

2.3 The estimate of the overall level of error and fraud for both schemes for 2020 to 2021 is 16.7% (£1.13 billion). The level of error and fraud in 2020 to 2021 is 24.4% (£1.04 billion) for the SME scheme and 3.6% (£90 million) for the RDEC scheme.

2.4 In 2021, the government announced a package of measures designed to reduce error and fraud. The impact of these measures is not included in the estimate above and will not be known until legislative changes take effect and future MREP evaluations have taken place. HMRC's best judgement is the impact of operational measures already introduced reduce the level of error and fraud for 2022 to 2023 for the SME scheme by £250 million.

2.5 The requirement for all claims to be submitted digitally with an accompanying additional information form took effect from 8 August 2023.This additional information will enable HMRC to more effectively risk assess claims and better target our compliance response.

2.6 On 18 July 2023 the government published a summary of responses to the consultation on the design of a potential research and development tax relief scheme that merges the existing RDEC and SME schemes. It also published draft legislation on the proposed design of a merged scheme for technical consultation. A final decision on whether to merge schemes will be announced at Autumn Statement 2023.

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.***

2.7 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2023

2.8 HMRC's approach to Research and Development tax reliefs was published on 17 July 2023, setting out the scale and shape of non-compliance in the R&D schemes, action taken by the government to date and how HMRC is tackling error and fraud. HMRC will share a further plan for improving compliance in R&D tax reliefs in winter 2023.

Thirty-eighth Report of Session 2021-22

HM Treasury

COVID-19 cost tracker update

Introduction from the Committee

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

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

Relevant reports

- NAO report: COVID-19 cost tracker – September 2021
- PAC report: COVID-19 cost tracker update – Session 2021-22 (HC 640)
- Treasury Minute: April 2022 (CP 667)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendation is updated below.

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

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

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 HM Treasury updated the Committee in the June 2023 progress report on its intention to publish updates on COVID-19 costs for the next two years. The first of these updates was published in July 2023 on GOV.UK and provided updates on all remaining active measures as of June 2022, including the estimated lifetime costs of loans, vaccines, and personal protective equipment.

2.3 In line with the government's commitment to the Committee, HM Treasury plans to publish further updates on these costs in 2024 and remains on track to meet this commitment in 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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855), the remaining recommendations are updated below by the Department of Energy Security and Net Zero.

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

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

6.1 The government agrees with the committee’s recommendation.

Target implementation date: Winter 2024

6.2 In its Powering up Britain: Net Zero Growth Plan published in March 2023, the government reiterated its commitment to pursue the role of eco-labelling across sectors to help consumers make more informed purchasing decisions.

6.3 In July 2023 the government published its evidence review on The Role of Eco-labels in the Path to Net Zero.

6.4 The Department for Environment, Food and Rural Affairs (Defra) is working with stakeholders, including through the Food Data Transparency Partnership, on the development of a mandatory methodology for voluntary eco-labels for food and drink products. Defra continues to develop the evidence base including projects with the Waste & Resources Action Programme (WRAP) and the University of Oxford.

6.5 Defra produces the statistics which play a role in bringing carbon footprint to the attention of the public, including the relative share of imported emissions across countries the UK trades with and emissions across product groupings, but not individual products.

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)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 855 above), the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn school term 2023
Original target implementation date: March 2023

1.2 The Department for Education (the department) monitors variations in financial health with respect to both geography and school phase, and annually publishes detailed information on income, expenditure and revenue reserves of local authority-maintained schools that can be analysed by geographical area or phase. The latest data is published on GOV.UK: LA and school expenditure, Financial year 2021-22 – Explore education statistics.

1.3 As part of its research on the impact of financial pressures, the department has collected perspectives on financial health and explanatory factors from local authority maintained schools, and academies, in different geographical areas. Fieldwork was completed in July 2023 with over 2,000 responses from schools, including 795 maintained primary schools and 168 maintained secondary schools, and more than 500 responses from Multi-Academy Trusts, in addition to 40 depth interviews with a mixed sample. A draft report has been received and reviewed by department staff with the contractor making revisions based on feedback. The department will publish by the end of the Autumn term. The department wrote to the Committee on 27 April 2023 explaining the delay from the original target implementation date of March 2023.

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

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

3.1 The government agrees with the Committee's recommendation.

Revised target implementation date: Autumn school term 2023
Original target implementation date: March 2023

3.2 In the light of rising inflation and growing cost pressures on schools, the department decided to delay the research to a time when schools could respond in an informed way about how they were reacting to financial pressures.

3.3 Fieldwork was completed in July 2023 with over 2,000 responses from schools and more than 500 responses from Multi-Academy Trusts, in addition to 40 depth interviews with a mixed sample. A draft report has been received, reviewed by department staff and the contractor is making revisions based on feedback. The department will publish by the end of the Autumn term. The department wrote to the Committee on 27 April 2023 explaining the delay from the original target implementation date of March 2023.

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

Forty-third Report of Session 2021-22

Ministry of Justice

Reducing the backlog in criminal courts

Introduction from the Committee

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 885 above), the remaining recommendations are updated below.

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

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

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Rape Review Action Plan has been extended, with a new set of actions up to December 2024. The impact of these measures will continue to be monitored through the Rape Review's reporting and governance mechanisms, which regularly review key metrics, including the headline ambitions to return the volumes of adult rape cases through the system to 2016 levels, as well as metrics such as victim attrition and timeliness at the police, Crown Prosecution Service (CPS) and courts stages. The Ministry of Justice is held publicly accountable to progress on these metrics by publishing them in six-monthly Rape Review Progress Updates, the last of which was published in July 2023.

2.3 The Ministry of Justice has now met its three headline Rape Review ambitions, around 18 months ahead of schedule:

- In April - June 2023 there were 1,411 referrals from the police for suspects with an adult rape-flagged offence, up by 206% compared to the 2019 quarterly average of 461, and now exceeding the 2016 quarterly average of 766. This means the department has exceeded its ambition to return police referrals to 2016 levels by 84%.
- In April - June 2023 there were 599 suspects charged for an adult rape-flagged offence, up by 145% compared to the 2019 quarterly average of 244, now exceeding the 2016 quarterly average of 538. This means the department has exceeded its ambition to return charges by the CPS to 2016 levels by 11%.
- In April – June 2023, the department recorded 627 Crown Court receipts, up by 171% compared to the 2019 quarterly average of 231, and now exceeding the 2016 quarterly average of 553. This means the department has exceeded its ambition to return receipts at the Crown Court to 2016 levels by 13%.

2.4 In August 2023, the department launched the recommissioned Rape and Sexual Abuse Support Fund, providing £26 million to over 60 specialist support services over a 20 month period. This was a Rape Review Commitment.

2.5 Progress against the Independent Sexual Violence Advisor (ISVA)/Independent Domestic Violence Advisor (IDVA) recruitment target is tracked via biannual data reports which Police and Crime Commissioners (PCCs) are required to submit as part of grant funding conditions. The department is providing funding to increase the number of ISVAs and IDVAs to 1,000 by 2024-25. The department's baseline going into 2022 was 700, and it is currently providing ring-fenced funding to PCCs for 950 posts. The funding for the final 50 posts will become available in 2024-25. The department is currently on-track to meet this target.

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

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

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

5.2 The department continues to progress its evaluation of HM Courts & Tribunals Service (HMCTS) Reform, which is particularly focussed on access to justice and vulnerable users. The ongoing in-depth qualitative study on the experiences of reformed services by vulnerable individuals with legal problems, including a number of adults in the criminal jurisdiction, is due to be published by Autumn 2024. The evaluation of HMCTS Crime Reform which will inform the overall evaluation will also include research with criminal court users. The scoping phase for this evaluation is aiming to complete in Spring 2024.:HMCTS Reform MOJ Evaluation: Progress Report - GOV.UK..

5.3 The department's Criminal Justice System (CJS) Data Improvement programme will help to link data held within different parts of the CJS, allowing improvements of understanding users' diverse experiences of the system, support better decision-making and improve the user experience. The department is working with its CJS stakeholders and their data security teams to secure access to key datasets.

5.4 The department's 'Data First' programme is an ambitious data-linking, academic engagement and research programme. It is enabling the department to make better use of administrative data to help understand and address disparities in outcomes across the justice system. Data First has shared nine justice datasets linking cases and people across the criminal and family and civil courts, prison and probation services. This includes defendant characteristics, including ethnicity.

5.5 The department is monitoring relevant metrics from the Criminal Justice System Delivery Data Dashboard to better understand victim attrition rates and the experience of victims.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendations are updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The NHS Long Term Workforce Plan was published on 30 June 2023. This is the first time that the NHS has produced a comprehensive long term workforce plan, and it sets out a clear direction for the long term. The funding up to 2028 allows the NHS and government to begin to take the actions locally, regionally, and nationally to address the gaps in the current workforce and meet the challenge of a growing and ageing population.

3.3 This is the first step in a new iterative approach to NHS workforce planning, as we regularly review the underpinning model to inform operational planning and publish further updates at least every two years.

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

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

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

6.2 NHS England and Government announced in August 2023 that the existing cancer standards would be focussed down from ten to three, covering the same patients, and if the backlog reduced to the same proportion of the waiting list as pre-pandemic by the end of the year, the NHS would then shift back to a focus on these three standards in 2024-25 as its cancer performance priorities. This will ensure that cancer waiting times standards are appropriately aligned with modern clinical practice, and take into account the recommendation of the 2015 Independent Cancer Taskforce (chaired by Sir Harpal Kumar, then Chief Executive of Cancer Research UK) to remove the two-week wait standard (an outpatient appointment or diagnostic within two weeks of referral) in favour of the Faster Diagnosis Standard (75% of patients should not wait more than 28 days from referral to diagnosis).

6.3 The NHS continues to make progress on the ambitions set out in the Delivery Plan for tackling the COVID-19 backlog of elective care. The latest figures also show an improvement in average waits for elective care, with the median wait for those completing admitted treatment 11.2 weeks in August 2023, and the median wait for those completing non-admitted elective care down to 8.2 weeks in August.

6.4 The ongoing industrial action has had an impact on delivery this summer (2023), with almost 400,000 appointments having to be rescheduled during June, July and August, with strike action from junior doctors and consultants, as well as dentists and radiographers. In total, there have been more than 1 million rescheduled appointments and procedures, though the true impact is likely to be much higher as many services have had to avoid scheduling planned appointments for strike days in order to prioritise emergency care. Despite this disruption, NHS staff have continued to make progress to bring down the longest waits for patients.

6.5 As part of the progress on the Delivery Plan, and the development of operational planning guidance, NHS England continues to monitor performance standards and milestones to ensure progress.

Forty-sixth Report of Session 2021-22

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

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

Introduction from the Committee

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

Relevant reports

- NAO report: The Government's preparedness for the COVID-19 pandemic: lessons for government on risk management – Session 2021-22 (HC 735)
- PAC report: Government preparedness for the COVID-19 pandemic: lessons for government on risk – Session 2021-22 (HC 952)
- Treasury Minute: May 2022 – Session 2021-22 (CP 678)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 855 above) the remaining recommendation is updated below.

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

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

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

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 In order to raise awareness of the main risks facing the UK, the latest edition of the National Risk Register (NRR), published on GOV.UK in August 2023, contains more information from the classified National Security Risk Assessment (NSRA) than ever before. Information has only been removed for security or commercial reasons.

3.3 Informed by a Call for Evidence, the UK Government Resilience Framework was published in December 2022. The Framework aims to embed transparency and accountability across the UK's resilience system and sets out the government's plans to better communicate risk to the public. As part of this, the government announced its intention to make an annual statement to Parliament on risk and resilience. Baroness Neville-Rolfe confirmed in the House of Lords on 4 September 2023 that the first of these statements will be made within the calendar year.

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

Forty-ninth Report of Session 2021-22

Department for Levelling Up, Housing and Communities

Regulation of Private Renting

Introduction from the Committee

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

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 855 above) the remaining recommendations are updated below.

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

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

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

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2026

1.2 The government introduced the Renters (Reform) Bill on 17 May 2023 which seeks to implement the measures outlined in the government's White Paper A Fairer Private Rented Sector.

1.3 These provisions, together with the Department for Levelling Up, Housing and Communities' (the department's) work to improve guidance, will better support renters to understand what their rights are; and improve their ability to exercise those rights.

1.4 The Bill had its second reading on 23 October 2023 and is currently in Committee in the Commons.

1.5 On 14 November 2023, the government tabled amendments to the Bill to allow a Decent Homes Standard to be introduced for the private rented sector.

1.6 The department is now conducting preparations for a beta phase of the new Privately Rented Property Portal. It plans to commence the beta phase in due course to support the ambition for the service to be operational as soon as possible following the passage of necessary primary and secondary legislation. The beta phase will involve building and testing iterations of the service alongside further research. The department will conduct extensive research and testing of the new service ahead of the legal requirement for private landlords to register coming into effect.

1.7 The department is working closely with the Government Digital Service to make existing guidance for tenants and landlords on GOV.UK more accessible and easier to navigate.

1.8 The department continues to progress a wider project to issue a new suite of guidance to accompany the introduction of reforms contained in the Renters (Reform) Bill. Several roundtables have taken place to understand the guidance needs of local authorities, landlords and tenants, including vulnerable renters.

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

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

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Subject to its successful passage, the Renters (Reform) Bill will introduce a Privately Rented Property Portal and give government the power to appoint lead enforcement authority(ies) to monitor the effectiveness of the reforms, support local authorities in their enforcement role and share good practice. The Bill measures will be implemented by 2026.

3.3 The department is also progressing a number of workstreams to complement legislative change, including:

- supporting nine areas with high numbers of poor-quality homes in the private rented sector (PRS) to tackle rogue landlords and test new approaches to driving up standards, underpinned by £14 million in funding. Participating authorities have grown enforcement teams, increased tenant and landlord engagement, and introduced new talent pipelines. Sharing learning is integral to the programme, and this is being supported through an externally commissioned evaluation;
- assisting local authorities in tackling damp and mould issues in private rented sector properties through a joint £10 million programme run by DLUHC, DHSC and DWP, as well as building understanding of wider societal impacts of damp and mould in the PRS;
- using analysis of local authority PRS damp and mould returns to inform future policy on enforcement and the department's approach to collecting data from local authorities;
- holding quarterly meetings of a Local Authority Sounding Board; and

- sharing best practice on PRS enforcement issues, and to help inform future policy. This includes considering a project to introduce a national framework for setting fines to drive a more consistent approach.

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: Spring 2024
Original target implementation date: Spring 2023

5.2 Work continues within the department to improve understanding on the private rented sector informed by robust data.

5.3 Following the Secretary of State for Levelling Up's request for information from local authorities on damp and mould hazards in privately rented homes in their areas, the department published a report summarising the key findings from the returns. Insight from the returns is helping shape future enforcement policy and data requirements.

5.4 Local authorities participating in the pathfinder programme are testing various aspects of data strategy, which includes data sharing agreements with partner organisations (fire service, police, trading standards, etc.), more detailed internal data capture systems, and dedicated applications (i.e., RIAMS, an enterprise cloud document and knowledge management platform).

5.5 The Impact Assessment for the Renters (Reform) Bill outlines the department's intention to carry out a process, impact, and value for money evaluation in line with its evaluation strategy published in November 2022.The scoping phase of the evaluation is currently underway.

5.6 Preparation for fieldwork to support the English Private Landlord Survey is underway, incorporating new questions to take account of wider policy development and forthcoming reforms.

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

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

6.1 The government agrees with the Committee's recommendation.

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

6.2 The department has set out its assessment of the anticipated impact of the reforms in its Impact Assessment, which was published on 3 July 2023. The impact assessment received a green 'fit for purpose' rating from the Regulatory Policy Committee.

6.3 The department commissioned researchers from the UK Collaborative Centre for Housing Evidence (CaCHE) to look at the evidence on how historic non-price regulation (i.e. no rent controls) have influenced PRS supply. The report finds that there is no evidence that non-price regulation has had an impact on supply. The report was published on 13 November 2023.

Fiftieth Report of Session 2021-22

Department for Business, Energy & Industrial Strategy

Bounce Back Loans Scheme: Follow-up

Introduction from the Committee

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

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

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

Relevant reports

- NAO report: The Bounce Back Loan Scheme: an update – Session 2021-22 (HC 961)
- PAC report: Bounce Back Loans: Follow-up – Session 2021-22 (HC 951)
- Treasury minutes: Government response to the Committee of Public Accounts on the Fiftieth report – Session 2021-22 (CP722)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 855) the remaining recommendation is updated below by the Department for Business and Trade.

6: PAC conclusion: The Scheme has distorted the Small and Medium Enterprise (SME) lending market in favour of the largest UK banks, which goes against the Bank's objective of creating a diverse finance market for SMEs.

6a: PAC recommendation: The Bank should develop a strategy to mitigate the negative impact of the Scheme on the SME lending market and publish its findings in its next Small Business Finance Market report.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The British Business Bank's (BBB) most recent Small Business Finance Markets report provided an update on diversity of supply within the lending market for small and medium-sized enterprises (SMEs). It noted that in 2022 challenger and specialist banks' share of total gross lending to SMEs reached a record high of 55%.

6.3 The BBB's 2022-23 Annual Report and Accounts, published on 25 September 2023, outlined the Bank's progress against its objective to create a diverse finance market for SMEs.

6.4 The BBB then wrote to the Committee at the end of November 2023 setting out a summary of its findings on diversity of supply within the lending market for SMEs with an overview of its lending strategy and action taken to ensure diversity in the market. The BBB will maintain its focus on reviewing diversity of the market via its ongoing evaluations and reports.

Updates on reports with outstanding recommendations

Reports completed

#	Report Title
1	Department for Business, Energy and Industrial Strategy final report and accounts 2020-21
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
14	Investigation into the British Steel Pension Scheme
16	Managing cross border travel during the COVID-19 pandemic
17	Government contracts with Randox laboratories Ltd
19	Regulating after EU Exit
39	Excess Votes 2021-22
46	BBC Digital (reports directly to the PAC)
52	Restoration and Renewal of the Palace of Westminster – 2023 Recall

Second Report of Session 2022-23

HM Revenue and Customs

Lessons from implementing IR35 reforms

Introduction from the Committee

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

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 855 above) the remaining recommendations are updated below.

1: PAC conclusion: High levels of non-compliance in central government reflect poor implementation by HMRC and other government bodies.

1: PAC recommendation: HMRC should develop robust estimates of non-compliance for the public sector as a whole and use this to identify areas where it can reduce the inherent challenge of complying with the reforms, for example by improving its guidance and tools. It should adopt a similar approach for the private sector as the reforms bed in and write to us with an update in six months' time.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 Since the last update to the Committee, HMRC has developed new comprehensive guidelines, building on existing technical guidance, to help customers understand what good compliance with the rules looks like. HMRC has received feedback from key external stakeholders in development of the guidelines, which will be published by the end of the calendar year.

1.3 HMRC has expanded its work to obtain customer insight through a range of different channels, to better understand how customers are managing the reforms and any challenges they are facing. HMRC has established ongoing regular cross-HMRC workshops to review the insights and agree outcomes, and insights are informing the department's approach to education and support.

1.4 HMRC migrated its Check Employment Status for Tax (CEST) tool onto Ocelot, which is a new platform, on 2 October 2023. The new platform provides faster and more comprehensive editorial control over the content of the tool, and better data analytics, enabling HMRC to enhance the customer experience. HMRC intends to use the analytical data provided by the new platform to understand better customer journeys and inform future work to improve CEST.

1.5 As part of the move to Ocelot, the outcome determination the user receives provides a narrative explaining why the user has received a particular outcome. The user is also asked to review the questions and their answers at the end of each section, rather than on completion of the tool, to give them the opportunity to change or seek further clarification, limiting the scope for errors.

4: PAC conclusion: PAC conclusion: We are not confident that HMRC works proactively to establish whether any sectors have been affected disproportionately by reforms and why.

4. PAC recommendation: HMRC should proactively identify and work with sectors that have been particularly affected to understand the challenges, establish how to address them and make it easier to comply. HMRC should write to us with an update in six months with the outcome of this public engagement

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 HMRC has expanded its work to obtain customer insight through a range of sources to understand how customers are managing the reforms and any challenges, including understanding the how different sectors are responding to the reform. HMRC has engaged external stakeholders through the Employment Status and Intermediaries Forum and meetings with industry and public sector representatives, including the Tax Centre of Excellence. HMRC has established ongoing regular cross-HMRC workshops to review the insights and agree outcomes, and insights are informing the department's approach to education and support.

4.3 Regularly reviewing sector specific insights and considering the most appropriate education and support needed is a central part of these workshops. Where insights suggest a sector may have been particularly affected by the reform, or may face particular challenges in applying the rules, HMRC considers the best approach to gather further insights on issues the sector may face. This may include, for example, sending out questionnaires to a sample of customers from that sector or engaging with the relevant representative body or forum.

4.4 HMRC has recently identified several sectors through this work and is currently working across HMRC and with relevant external stakeholders to better understand their issues and consider targeted education. HMRC has also identified some areas of the rules which may cause certain sectors difficulty and is providing support on these in the new guidelines. These will be published by the end of December 2023 and promoted to customers across all sectors.

4.5 HMRC migrated CEST onto a new platform on 2 October 2023. This will enable HMRC to amend the tool to include optional questions asking in which sector the customer completing the tool is operating and their individual skills sector. The customer insight HMRC receives from these questions will enable it to understand customer usage of CEST across different sectors and identify whether customers are facing challenges with particular questions or sections of the tool.

4.6 HMRC will use the outcomes of this insight to facilitate future discussions with stakeholders where appropriate. HMRC will also consider ways employment status guidance can be made more readily available within the tool.

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

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

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

6.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2024

6.2 Following engagement with a working group of external stakeholders, the government launched a consultation on 27 April 2023 on how to address the over-collection of tax in cases of non-compliance. This consultation sought input on a potential legislative change to allow HMRC to set off tax and National Insurance Contributions that have already been paid by the worker and their intermediary against the PAYE liability of the deemed employer, which would result in a more equitable distribution of the cost of the worker's tax liability.

6.3 After considering the consultation responses, the government announced on 22 November 2023 that it intends to proceed with the legislative change. Legislative change will prevent the same income being taxed twice, enabling the provision of a set-off of tax and National Insurance Contributions that have already been paid by the worker and their intermediary against the PAYE liability of the deemed employer for liabilities assessed on or after 6 April 2024. In the meantime, HMRC has written to a small number of customers with an open compliance case nearing settlement. This is to inform them that, if Parliament approves the legislation, they may be able to pause their settlement subject to certain conditions, in order that their liabilities can be settled taking account of the set-offs.

Third Report of Session 2022–23

Department for Business, Energy & Industrial Strategy

The future of the Advanced Gas-cooled Reactors

Introduction from the Committee

The UK has eight second generation nuclear power stations accounting for around 16% of total UK electricity generation in 2020. These stations are owned by EDF Energy (EDFE) following its purchase of British Energy in 2009. The stations comprise seven Advanced Gas-cooled Reactor (AGR) stations, all of which are planned to stop generating electricity by 2028, plus the Pressurised Water Reactor (PWR) at Sizewell B. In 1996, government established the Nuclear Liabilities Fund (the Fund) to meet the cost of decommissioning these eight stations. The aim of the Fund is to generate returns from investments that will meet the costs of decommissioning. As at March 2021, the Fund's assets were valued at £14.8 billion and the estimated decommissioning costs of these eight stations was £23.5 billion. The government has provided a guarantee to underwrite the Fund in the event that its assets are insufficient to meet the total costs of decommissioning.

The arrangements for decommissioning the stations have been governed by a series of agreements between the Fund, the Department for Business, Energy & Industrial Strategy (the Department) and the station owners. In late 2017, the Department entered into negotiations with EDFE to revise the agreements for the seven AGR stations. The agreement was finalised in June 2021. Under the revised agreements EDFE will defuel each of the stations after they have closed, as previously planned. The Department has, however, agreed financial incentives to encourage EDFE to accelerate defueling and transfer of the stations. This includes EDFE earning up to £100 million for good performance but paying out up to £100 million for poor performance. Ownership of the stations will then be transferred to the Nuclear Decommissioning Authority (NDA) to complete the decommissioning process. The Department estimates the new agreements could save the taxpayer up to £1 billion compared with the previous agreements.

Following the evidence session, we engaged in a series of follow-up correspondence with the Department and HM Treasury. A chronological list of this can be found in Annex 1 at the back of the PAC report.

Relevant reports

- NAO report: The decommissioning of the AGR nuclear power stations -Session 2021-22 (HC 1017)
- PAC report: The future of the Advanced Gas-cooled Reactors - Session 2022–23 (HC 118)
- Treasury Minutes: The future of the Advanced Gas-cooled Reactors - Session 2022-23 (CP 722)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 855 above) the remaining recommendations are updated below by the Department for Energy Security and Net Zero, (formerly known as BEIS).

1: PAC conclusion: Government's investment strategy for the Fund has delivered poor returns and has resulted in the taxpayer having to top-up the Fund with an additional £10.7 billion in just two years.

1: PAC recommendation: HM Treasury and the Department, working with the trustees of the Fund, should within twelve months review the investment approach and write to the Committee setting out the expected performance of the Fund based on the chosen investment strategy and the extent to which this will avoid further calls upon the taxpayer. The departments should set out the rationale underpinning the investment strategy, in particular the split between investment placed in the National Loans Fund earning a low return and the sum invested in higher performing private sector assets.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Energy Security and Net Zero (DESNZ) has been working with the Nuclear Liabilities Fund (NLF) with regard to its investment strategy and how this will best achieve value for money for the taxpayer in line with wider government strategy and policy.

1.3 DESNZ and HM Treasury wrote to the Committee in July 2023 setting out the rationale behind the NLF investment strategy and its appropriateness, including the impact of changes in interest rates.

Fourth Report of Session 2022-23

HM Treasury and Cabinet Office

Use of evaluation and modelling in government

Introduction from the Committee

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

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 855 above), the remaining recommendations are updated below.

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

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

4.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

4.2 The Central Digital and Data Office (CDDO) is creating the conditions for government departments and organisations to transform the way they use data for better decision making through the delivery of Mission 3 of the National Data Strategy (NDS) and Mission 3 of the 2022-25 Roadmap for Digital and Data.

4.3 The majority of commitments set out in Mission 3 of the NDS are either fully achieved, or subsumed into ongoing programmes of work. This includes a programme of work to tackle the cultural and coordination barriers to good quality data which culminated in the publication of the Data Maturity Assessment for Government in March 2023.

4.4 The Data Standards Authority continues to support the consistent adoption of data standards across government. Since the last report it has published the Digital Object Identifier and Security.txt standards, and endorsed three Taxonomies for common usage relating to skills.

4.5 As of October 2023, there are 284 Information Sharing Agreements (ISA) on the Register of Information sharing under the DEA; an increase of 39 since March 2023.

4.6 Development of the Government Data Marketplace continues on track, having passed Alpha re-assessment, and it is due to go live as a beta service with essential shared data assets (ESDAs) from 5 key departments in April 2024.

4.7 CDDO has developed guidance for identifying essential shared data assets (ESDAs) and an ownership model for their management which will ensure there is a common set of accountabilities for departmental owners of these data assets. This is being applied across government following a successful alpha pilot. CDDO has also published a Metadata Standard that is recommended to describe data assets in a data catalogue; and will be applied to essential shared data assets (ESDAs).

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: Summer 2024
Original Target Implementation date: Summer 2023

5.2 The Evaluation Task Force (ETF) continues to work with the Cabinet Office's Incubator for Automation and Innovation (i.AI) to progress development of the Evaluation Registry.

5.3 The Evaluation Registry will be rolled-out to all central government departments before becoming accessible to the general public in Spring 2024. The site was launched in private beta in July 2023 for user testing with three initial departments. The ETF and i.AI are now implementing critical improvements to the site based on this private beta feedback prior to expanding to further departments in a staged roll-out. This staged approach is enabling continual user testing, learning and improvement. Use of the Registry to record planned and completed evaluations will initially be voluntary for government departments during this period of user testing, before becoming mandatory from Spring 2024. Work is underway to finalise plans for ensuring compliance with this requirement. The Evaluation Registry will include over 2000 past evaluations at launch, making it one of the largest repositories of government evaluation evidence in the world.

5b: PAC recommendation: The Analysis Function should update its Functional Standard to include clear principles for departments to follow on the publication of models, their outputs, and registers of business-critical models.

5.4 The government agrees with the Committee's recommendation.

Recommendation implemented

5.5 The Government Analysis Function is committed to providing appropriate support to departments on modelling. An addendum has now been added to the Aqua Book to meet the requirement to include clear principles for departments and ALBs to follow on the publication of models, their outputs, and registers of business-critical models. This update has been agreed with HM Treasury and the Analysis Function Standards Steering Group.

5.6 Given the Government Analysis Function's commitment to providing support to departments around modelling, further work is being undertaken through a more significant update to the Aqua Book, including adding further guidance to support the quality assurance of models such as a Quality Assurance Maturity framework. It is expected that this supplementary work will be published by summer 2024.

Fifth Report of Session 2022-23

Department for Levelling Up, Housing and Communities

Local Economic Growth

Introduction from the Committee

In the decade to 2020, government committed £18 billion in domestic funding to local economic growth policies in England. Since 2014, a further £10.3 billion or so has been directed to the UK through EU structural funding. Despite efforts by successive governments to tackle longstanding spatial disparities, the UK remains less productive than its main competitors, shows regional disparities that are among the largest in the OECD and inequality within the UK's regions is even greater than it is between them. The COVID-19 pandemic has hit some of the country's most deprived areas hardest. Government has pledged to level up the country and published its Levelling Up White Paper in February 2022.

The Department for Levelling Up, Housing & Communities (DLUHC), has a coordinating role for Levelling Up and leads on the design and delivery of central government's place-based local growth interventions. At the November 2020 Spending Review, government announced or furthered a series of interventions to support the regeneration of towns and communities across the country. These included the £3.2 billion Towns Fund in England and three UK-wide schemes: the £4.8 billion Levelling Up Fund, the one-year £220 million Community Renewal Fund to replace European Funding in advance of the UK Shared Prosperity Fund, and the creation of Freeports. As at November 2021, and including the £2.6 billion for the UK Shared Prosperity Fund announced at the 2021 Spending review, central government had committed £11 billion through these schemes over the period 2020–21 to 2025–26.

Relevant reports

- NAO report: Supporting local economic growth – Session 2021-22 (HC 957)
- PAC report: Local economic growth – Session 2021-22 (HC 252)
- Treasury minute: August 2022 (CP 708)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 855 above), the remaining recommendations are updated below.

2: PAC conclusion: The Department does not yet have a strong understanding of what works for local growth, but we welcome its belated commitment to evaluating local growth interventions.

2a: PAC recommendation: The Department should update us on progress with its local growth evaluation commitments (including for the Local Growth Fund) and set out how it intends to feed evaluation findings back into its ongoing local growth activity and to the wider levelling up agenda.

2.1 The department agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Department for Levelling Up, Housing and Communities has made significant progress in evaluating local growth programmes. Since the last update, the main developments include:

2.3 Completing the feasibility stage of the intervention level evaluation for the UK Shared Prosperity Fund. Intervention study groups have now been selected, and work on the main stage intervention level evaluation will soon be starting. Fieldwork starts imminently for the new large-scale surveys which underpin UK Shared Prosperity Fund evaluation.

2.4 Feasibility studies for the Local Growth Fund and Getting Building Fund and Towns Fund evaluations are underway and due to be completed by the end of 2023.

2.5 The impact evaluation feasibility study on the Levelling Up Fund, has been completed assessing whether programme-level impact evaluation was feasible and the appropriate methods and datasets to demonstrate robustness. The feasibility study was published in July 2023 and procurement has started to appoint contractors to deliver the evaluation.

2.6 The Freeports Delivery Team has produced updated monitoring and evaluation (M&E) framework which now covers Scottish Green Freeports. This framework focuses on strengthening qualitative theory-based methods and using context mechanisms and outcomes. Theories of change for all eight English Freeports are also being compiled to support the impact evaluation. The autumn 2023 data collection is ongoing until 30 November and will be the most up to date and comprehensive data collection since its baseline data in September 2011. The Team has recently completed year 1 process evaluation which reviewed the setup and the selection phases. There was a lessons learned event hosted by the M&E provider to share the lessons from the year 1 processes and received feedback from the stakeholders.

2.7 The department recently completed an internal review of how it embeds evaluation evidence and learning into policy design, illustrating broad progress. Recommendations for improving evaluation capability and prioritisation, storage and dissemination processes are currently being embedded into levelling up programmes that target local economic growth.

4: PAC conclusion: There remains considerable uncertainty for local authorities around funding, structures and responsibilities for local economic growth.

4: PAC recommendation: In its Treasury Minute response, the Department and HM Treasury should set out how they intend to provide greater certainty to Local Authorities to enable them to plan the integrated capital, skills and community investment needed to drive growth in their areas.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department has validated UKSPF investment plans and an announcement approving all plans was made on 5 December 2022.

4.3 The Secretary of State for Levelling Up announced the Funding Simplification Plan on 4 July 2023, committing the government to continually improving the way that funding is delivered to local authorities. The plan is structured around three phases of reform.

4.4 The first phase covers immediate steps the department is taking to simplify the delivery of existing funds. This includes a new 'Simplification Pathfinder Pilot' to test the streamlined delivery of capital funding in a group of ten local authorities who are all in receipt of funding from three complementary capital programmes. These ten authorities will be able to move funding between projects in their portfolio, giving greater flexibility to determine how capital funding is invested in their local area.

4.5 Other measures in phase one of the plan include a new project adjustment request process for the Future High Streets Fund, Town Deals and the Levelling Up Fund. This process gives all authorities with an allocation from one of these programmes greater flexibility to make changes to agreed funding, outputs or outcomes up to a threshold of 30%.

4.6 The second part of the plan commits to launching a 'Funding Simplification Doctrine' in 2024, which will require departments to strive for a simpler and more streamlined way of delivering funding to local authorities, including delivering new funding through existing programmes or considering allocative distribution approaches where appropriate.

4.7 The final phase of the plan covers reforms that will be implemented at the next Spending Review, including multi-year, single departmental-style funding settlements for the Trailblazer Mayoral Combined Authorities (MCAs) (Greater Manchester and West Midlands). The single funding settlements will give the trailblazer MCAs the flexibility and long-term funding certainty they need to deliver for their areas, while providing assurance of MCA performance through a single outcomes-based accountability framework. The government's ambition is to roll this model out to all areas in England with a devolution deal and an elected leader over time.

7: PAC conclusion: The Department does not yet know how it will measure performance on a consistent basis across different geographical areas and timescales.

7: PAC recommendation: The Department should clarify how it intends to provide performance information on a consistent basis (both year on year and across different geographical areas) and how, in the absence of good quality local data, it intends to establish a baseline against which to measure progress.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 The Levelling Up White Paper Technical Annex sets out the wide range of metrics against which performance against the levelling up missions will be assessed, all of which are in the public domain except for a small number where a data gap is being addressed or development is ongoing. The Levelling Up and Regeneration Bill also sets out a duty on government to report annually on progress, analysing progress against the missions, although much of this information is already published.

7.3 The department continues to work with the Office for National Statistics (ONS) and other government departments to address data gaps in these metrics; this includes making sure that data is available across different geographical areas. The department is working with the ONS Statistical Coherence and Coordination team to ensure specific ONS data is available UK-wide. A key achievement of the department's ongoing engagement with the ONS is the production of UK Travel Area Isochrones by the ONS Data Science Campus, which allows users to compare feasible travel areas across the UK based on a coherent methodology. Previously, this data was held in disparate forms across the four nations.

7.4 The department has also been working with the Department for Culture, Media, and Sport to expand the sample size of the Community Life Survey (CLS) so that it provides local authority level estimates, rather than just regional ones. As well as expanding the sample size, new questions have been added to the CLS on the Pride in Place mission. The fieldwork for the expanded survey will start later this year, with results expected to be published in early

2025. Additionally, the department is working with the Home Office to develop new measures of Anti-Social Behaviour to also improve its ability to monitor and understand the Pride in Place mission.

7.5 There is a range of activity against the other missions and relevant levelling up metrics, and the department will be publishing a statement of missions following Royal Assent of the Levelling Up and Regeneration Bill.

Sixth Report of Session 2022-23

Department of Health and Social Care

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

Introduction from the Committee

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 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

Target implementation date: December 2023

8.2 The Department of Health and Social Care has an internal plan to bring forward its accounts preparation process to allow pre-recess laying of the Annual Report and Accounts (ARA). This has been communicated to national and local auditors.

8.3 The department is working to return to pre-recess laying of the ARA as soon as possible and is working closely with the NAO to enable this. However, this ambition is highly dependent upon the capacity of the national and local audit markets. Significant work is underway, in conjunction with the Department for Levelling Up, Housing and Communities and others, to relieve the current pressures in the local audit market and further work is being undertaken to establish whether it is possible for a group with such reliance on this market to return to pre-recess laying.

8.4 For 2022-23 the ARA is yet to be laid, primarily due to delays in the completion of local audits despite the department investing significant effort to resolve the issues. This highlights the importance of the work being undertaken to alleviate these capacity constraints and the department is committed to exploring all avenues in order to achieve pre-recess laying.

Seventh Report of Session 2022–23

Ministry of Defence

Armoured Vehicles: the Ajax programme

Introduction from the Committee

Ajax is an armoured fighting vehicle which should provide the Army with its first fully digitised platform. It will be based on new technologically advanced sensors and communication systems which should transform the Army's surveillance and reconnaissance capability. The vehicles form an integral part of the Ministry of Defence's (the Department's) vision for digital integration across land, air and sea domains, allowing real-time information-sharing and connectivity with other capabilities, such as Lightning II jets.

Ajax represents the biggest single order for a UK armoured vehicle in more than 20 years. The programme began in 2010, and the Department has a £5.5 billion firm-priced contract with General Dynamics Land Systems UK for the design, manufacture, and initial in-service support of 589 vehicles. The programme is supposed to deliver six types of vehicle which will perform different roles. By December 2021, the Department had paid General Dynamics £3.2 billion, and General Dynamics had designed the vehicles, built 324 hulls and assembled and tested 143 vehicles. The Department had received 26 Ajax vehicles, together with training systems and some logistics support and spares. In 2014, the Department extended its expected in-service date by three years to July 2020, and the programme subsequently missed a revised target date of June 2021. In 2021, the Department acknowledged publicly concerns about excessive levels of noise and vibration on the Ajax vehicles. These issues remain unresolved, and the Department does not know when Ajax will enter service.

Relevant reports

- NAO report: The Ajax Programme – Session 2021-22 (HC 1142)
- PAC report: Armoured Vehicles: Ajax Programme – Session 2022-23 (HC 259)
- HS & EP Ajax Noise and Vibration Review (The King Review) – December 2021
- Ajax Update - Hansard - UK Parliament Volume 714 - 19 May 2022
- The Ajax Lessons Learned Review – Lead appointed – 23 May 2022
- Treasury Minutes: August 2022 (CP 708)
- Treasury Minutes Progress Report: June 2022 (CP 691)
- Treasury Minutes Progress Report: December 2022 (CP 765)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report: (CP 855 above), the remaining recommendation is updated below.

2: PAC conclusion: The Department has once again made fundamental mistakes in its planning and management of a major equipment programme.

2: PAC recommendation: Once the Ajax Lessons Learned Review has reported, the Department should write to the Committee setting out how it will incorporate the recommendations into its future management of equipment programmes – considering the findings and recommendations of our and the NAO's reports – to prevent this familiar list of mistakes being repeated yet again.

2.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

2.2 The Ministry of Defence published the report by Clive Sheldon KC on the Ajax Lessons Learned Review on 15 June 2023. Publication was accompanied by an oral statement to Parliament by the Minister for Defence Procurement, describing how the learning from Ajax was already being applied and setting out the intent to take forward the Sheldon review recommendations in the context of the department’s wider acquisition reform agenda.

2.3 The Sheldon review made 24 formal recommendations, of which the department accepted 15 and accepted in principle the remaining nine. The department has written to the committee on 16 November 2023 setting out how these recommendations are being implemented.

2.4 The department remains committed to learning the lessons of the Ajax programme in its future management of equipment programmes.

Twelfth Report of Session 2022-23

Department of Health and Social Care

Management of PPE contracts

Introduction from the Committee

In response to the COVID-19 pandemic, the Department for Health and Social Care (The Department) began an unprecedented programme of Personal Protective Equipment (PPE) procurement buying items such as gowns, gloves and masks. It eventually purchased 37.9 billion items at a cost of just over £13 billion. We have reported previously on that initial procurement phase and the timeliness and adequacy of the PPE provided to the frontline.

Two years on from that initial procurement activity the Department is still having to manage many of the contracts that it signed. It has now received nearly all of the PPE that it ordered but it is in dispute with many suppliers over the quality of the PPE that has been supplied and is also looking at whether fraud was committed on certain contracts. Much of the PPE still resides in storage locations, both around the UK and in China, and the Department is looking at options for how it might now dispose of some of the stock that it deems to be excess. Responsibility for management of the PPE programme has now largely been transferred back to Supply Chain Co-ordination Limited, the NHS's main procurement partner prior to the pandemic.

Relevant reports

- NAO report: Investigation into the management of PPE contracts – Session 2021-22 (HC 1144)
- PAC report: Management of PPE Contracts – Session 2022-23 (HC 260)
- Treasury Minute: Management of PPE contracts (CP 755)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendation is updated below.

3: PAC conclusion: The Department remains in dispute on 176 contracts for PPE with £2.7 billion of taxpayer money at risk and has made little progress in tackling potential fraudulent supplies of goods.

3a: PAC recommendation: The Department should explain in its Treasury Minute response to the Committee its progress in resolving these cases and provide as full an update as is possible on the status of those negotiations.

3.1 The government agrees with the Committee's recommendation

Recommendation implemented

3.2 Much of this information is commercially sensitive and could impact the Department of Health and Social Care's ability to successfully pursue cases to completion including those cases which will be likely taken to litigation. Therefore, the department has provided summary updates on the progress of negotiations (in confidence) directly to the Committee. The last update to the Committee was sent on 16 March 2023.

3.3 As set out in the initial Treasury Minute response, the department committed to providing regular updates on progress as part of the existing quarterly reporting cycle. The latest update on progress was provided in a letter to the Committee on 7th November for the Q7 report and included information about the amount that has been reclaimed against the 'value at risk'.

Thirteenth Report of Session 2022-23

The Ministry of Justice

Secure training centres and secure schools

Introduction from the Committee

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

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 855 above), the remaining recommendations are updated below.

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

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

5.1 The government agrees with the Committee's recommendation.

Target implementation date: January 2024

5.2 HM Prison and Probation Service (HMPPS) set out the overall policy position on these issues in previous treasury minute updates.

5.3 The draft funding agreement was published on Oasis Restore Secure School's website, and will be updated with a final copy once the school obtains Ofsted registration in January 2024.

5.4 The detailed policy handbooks - covering governance, financial and performance assurance arrangements - for the secure school can be found on GOV.UK.

6: PAC conclusion: The Ministry and HMPPS do not know what works in terms of early intervention and custodial provision for children.

6: PAC recommendation: The Ministry and HMPPS should set out their evaluation strategy for youth custodial provision, including their specific evaluation plans for the Keppel Unit at HMYOI Wetherby and the first secure school.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 HMPPS wrote to the Chair of the Committee with an update on secure school evaluation on 1 September 2023.

6.3 HMPPS has developed the detailed service specification for the secure school evaluation and will launch the procurement in early 2024.

Fourteenth Report of Session 2022-23

Financial Conduct Authority

Investigation into the British Steel Pension Scheme

Introduction from the Committee

There are two main types of workplace pension, a defined benefit (DB) scheme, which provides a guaranteed income to members in retirement based on how many years they have worked and the salary they have earned, and a defined contribution (DC) scheme, which relies on contributions and investment choices made by each member. The British Steel Pension Scheme (BSPS) was a large DB pension scheme, sponsored by Tata Steel UK, with assets worth approximately £13.3 billion. The scheme was restructured in 2017 and 7,834 members chose to transfer out into a DC scheme. Almost all (95%) of these decisions were informed by independent financial advisers, and at least 46% of the advice provided was found to be unsuitable, causing significant financial detriment. The Financial Conduct Authority regulates over 50,000 financial services firms and is responsible for supervising independent financial advisers, including the estimated 369 firms who advised BSPS members. The FCA also oversees the redress process for consumers when things go wrong, through which the Financial Ombudsman Service resolves complaints between financial services firms and their consumers, and the Financial Services Compensation Scheme (FSCS) pays compensation to consumers in cases where firms have entered insolvency:

Relevant reports

- NAO report: Investigation into the British Steel Pension Scheme – Session 2021-22 (HC 1145)
- PAC report: Investigation into the British Steel Pension Scheme – Session 2022-23 (HC 251)
- Treasury Minute: September 2022 (CP 745)

Update to the FCA's response to the Committee

Further updates from the Financial Conduct Authority will be sent directly to the Committee and published on the Committee's website.

Fifteenth Report of Session 2022-23

The Home Office

The Police Uplift Programme

Introduction from the Committee

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendations are updated below.

1. PAC conclusion: The Department has so far successfully met its objectives for the Programme.

1. PAC recommendation: The Department should systematically capture and disseminate lessons from what has worked with this programme to benefit its major programme portfolio and policing more widely. It should summarise and publish these lessons by April 2023 to support learning across Government.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 As is good practice under the government project delivery framework, the Police Uplift Programme captured lessons following key activity throughout the course of the programme. Many lessons have already been shared across policing, the Home Office and other government departments. A full lessons learned log was completed as part of programme closure in September 2023.

1.3 For policing, best practice has been shared across forces via the “Uplift Hub”, which has been developed specifically as part of the programme closure. The Uplift Hub went live in 2023 and there are already over 1,000 registered users of the Uplift Hub across policing.

2. PAC conclusion: The Programme has demonstrated the value of standardising recruitment practices across police forces

2. PAC recommendation: The Department and the NPCC should identify and pursue other opportunities for standardisation across policing (for example procurement and IT) to achieve better value for money while respecting operational autonomy. It should outline in its Treasury Minute response which other areas of policing have the potential to benefit from a more joined up approach across forces, and how and by when this could be achieved.

2.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

2.2 The Home Office has supported multiple interventions to drive efficiencies and explore options for standardisation across policing. The Police Settlement for 2023-24 provided significant investment in technology capabilities, and the department has worked with the Policing Productivity Review, BlueLight Commercial Ltd, the Police Digital Service and the Office of the Policing Chief Scientific Advisor to identify further opportunities for standardisation as a means of driving productivity and efficiency across policing.

2.3 BlueLight Commercial conducted a review of force corporate functions and the different operating models that in place across the sector. BlueLight Commercial are now working with the NPCC Finance Committee, the Chartered Institute of Public Finance and Accountancy to build on this work by conducting a wider “Back Office Productivity Review” to assess opportunities for improving efficiency across IT, Estates, Facilities Management, Finance and HR.

2.4 The independent Policing Productivity Review, which the department commissioned to improve understanding of policing productivity, has now been published and the recommendations include areas where a standardised approach could be applied. In particular this includes work by the review to develop a “model process tool” which can be used by policing to identify and standardise best practice across forces. The government is working with the sector to consider how best to implement the review’s recommendations in advance of providing a formal response in 2024.

2.5 There are further examples of standardisation through work being taken forward by the College of Policing. In June 2023, the College launched the first set of national leadership standards, which are being implemented by forces.

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

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

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2024

3.2 Since the last update, the College of Policing have worked with key stakeholders to deliver on their Optimisation Plan as part of their plans to improve all initial entry routes into policing. All five key areas in the plan – design, procurement, deployment, assessment and review, and engagement, remain on track for delivery. The Policing Educations Qualifications Framework Optimisation Group anticipate that the new curricula and assessment approach for the existing entry routes will be in place by Autumn 2024.

3.3 The College has completed development of a new non-degree entry route into policing which was announced by the Home Secretary in November 2022. The 'Police Constable Entry Programme' (PCEP), is a two-year programme based on the optimised national policing curriculum and wider learnings taken from the College's PEQF Optimisation Plan. The PCEP will be licensed to forces and quality assured by the College. The new curriculum and programme specification has been sent to all forces and the first candidates will begin training from April 2024.

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

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

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

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

4.2 The government has recognised that the current police funding formula is out of date and no longer accurately reflects demand on policing and are working towards completion of the first phase of the Review. Timelines for consultation and implementation are subject to confirmation by Ministers, taking account of the wider context.

4.3 Since the last update to the Committee in June 2023, the Police Funding Formula Review has continued to make progress, and the government has been able to confirm that it is working towards the publication of a first phase public consultation. While there have been delays to publication due to wider government pressures, officials continue to work towards publication in winter 2023 and the completion of this recommendation.

4.4 Both a Senior Sector Group (SSG) and a Technical Reference Group (TRG) have continued to meet on a regular basis to advise on developing specific components of the new formula, considering the demands facing each force and the impact of local factors on the resource required to meet demand. This is essential to give forces equal opportunity to deliver good policing services to their communities.

4.5 The government's priority is to deliver a robust, future-proofed funding formula that allocates funding in a fair and transparent manner. Although officials are working to introduce new funding arrangements as soon as possible, they continue to focus on the quality and longevity of the new formula in partnership with the sector and representatives within the SSG and TRG.

5. PAC conclusion: Despite their successes so far, the Department and its partners face a challenging final year to deliver the remainder of the Programme.

5a. PAC recommendation: The Department and its partners should assist forces in monitoring their workforce by including within each statistical release on progress a table setting out the diversity of individual police forces compared to that of their local populations.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Throughout the Police Uplift Programme, the government assisted police forces in monitoring their workforce by providing, on a monthly basis, force level diversity data compared to local populations. This used the Office for National Statistics census data from 2021.

5.3 The tables accompanying the quarterly 'Police Officer Uplift' statistical bulletin (which is now ceased following the final release in July 2023) contained data on the representation of police officers, such as ethnic breakdowns by police force area compared to the representation in the local population.

5.4 Information on the police workforce is published in the bi-annual 'Police Workforce, England and Wales' statistical release. The March year end publication included diversity breakdowns and comparisons to the local population.

5.5 Police forces continue to work hard to improve equality and diversity, with the workforce now more diverse than ever before. The latest figures, as of 31 March 2023, show the highest proportion of ethnic minority (excluding white minority) and female police officers in forces across England and Wales since records began. The government remains committed to supporting efforts to achieve the diverse police workforce that communities need and to ensuring that progress is accelerated.

5.6 In order to ensure these improvements and the upskilling of recruitment teams remain beyond the Programme, the Home Office will continue working closely with policing and the National Police Chiefs' Council. A repository of tools and materials has been created (the "Uplift Hub"), and the improved oversight and collection of workforce data will continue, with information shared between the department and policing.

Eighteenth Report of Session 2022-23

Department for Environment, Food and Rural Affairs, HM Treasury and HM Revenue and Customs

Government actions to combat waste crime

Introduction from the Committee

Waste crime covers several types of crime, including fly-tipping, illegal waste sites, illegal export of waste, breaches of waste permit conditions and breaches of exemptions to the requirements for waste permits. Evasion of landfill tax or other charges for disposing of waste underlie many of these crimes. Recent data indicate that in general waste crime is increasing, but the true scale of waste crime is uncertain as the available data are not comprehensive, for example because of under-reporting of fly-tipping incidents and undiscovered activity such as illegal waste sites. Barriers to operators entering the waste sector are low, and the large real-terms increase in landfill tax rates after 2004–05 increased the potential financial return to criminals.

Defra has policy responsibility for waste, including waste crime. The Agency is the principal body responsible for regulating the waste sector, for investigating certain types of waste crime and taking action against the perpetrators, including illegal waste sites, illegal dumping (the most serious fly-tipping incidents) and breaches of environmental permits and exemptions. HMRC has responsibility for pursuing the evasion of landfill tax in England. Local authorities have powers and duties relating to fly-tipping, and deal with the majority of smaller incidents. Responsibility for clearing waste ultimately sits with the landowner or land manager, including local authorities and public bodies such as National Highways.

Relevant reports

- NAO report: Investigation into the government's actions to combat waste crime in England - Session 2021-22 (HC 1149)
- PAC report: Government actions to combat waste crime – Session 2021-22 (HC 33)
- Treasury Minutes – Session 2021-22 (CP 774)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendation is updated below.

5. PAC conclusion: Defra is not doing enough to support local authorities to tackle fly-tipping.

5. PAC recommendation: Defra should work with local authorities to set a clear national framework for tackling fly-tipping, setting overall expectations and promoting good practice, while allowing local authorities the flexibility to respond to local circumstances.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Since the last update to the Committee, the government has delivered on several commitments in the Anti-Social Behaviour Action Plan. This includes legislating to raise the upper limit on fixed penalties for fly-tipping and publishing league tables on the use of fixed penalties relating to fly-tipping.

5.3 The government has also consulted key stakeholders on ringfencing the income from litter and fly-tipping fixed penalties for enforcement and clean-up, which the government will provide an update on soon. These measures will support and encourage councils to take tougher action against fly-tippers while allowing them flexibility to do so in line with local priorities.

5.4 Resource Futures have now completed their research on effective enforcement against littering and fly-tipping on our behalf. The government is now considering next steps.

5.5 Across two rounds of the government's fly-tipping grant scheme, the government has now provided grants worth nearly £1.2 million that have helped over 30 councils purchase equipment to tackle fly-tipping, such as CCTV. Case studies from the first round have been published online.

5.6 Projects from the second round should be implemented soon and the government recently launched a third round that could see a further £1 million handed out in grants next year to help more councils tackle the issue. Case studies from rounds two and three will also be published.

5.7 In summary, since the Committee's report the government has taken various steps improve the resources available to and clarify expectations of councils. This includes working with councils to publish a new framework on how they can set up effective partnerships to tackle fly-tipping.

5.8 Through the Anti-social Behaviour Action Plan, the government has also made clear that it expects councils to make greater use of their enforcement powers and has taken steps to encourage them to do so while providing local flexibility.

5.9 The government has also provided a second round of grant funding (£775,000) to help over 20 councils tackle fly-tipping in a way that works best for them, and published case studies from the first round to help other councils learn about what works.

5.10 Along with the resources that were already available online, such as a guide on fly-tipping responsibilities and a communications toolkit, the government believes local authorities now have a wide-ranging suite of resources equivalent to a national framework which the government will look to build on further.

Twentieth Report of Session 2022-23

HM Treasury

Whole of Government Accounts 2019-20

Introduction from the Committee

The Whole of Government Accounts (WGA) is a set of financial statements prepared 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 and devolved administrations. 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 2019–20 WGA was published on 6 June 2022, 26 months after the reporting year-end. The Comptroller & Auditor General qualified his opinion on the 2019–20 accounts for the 11th consecutive year since 2009–10 when they were first produced.

Relevant reports

- HM Treasury report: Whole of Government Accounts 2019-20 – Session 2021-22 (HC 246)
- Report of the Comptroller and Auditor General on the Whole of Government Accounts 2019-20
- PAC report: Whole of Government Accounts 2019-20 – Session 2022-23 (HC 31)
- Treasury Minute: December 2022 (CP 774)
- Correspondence to the Committee: 20 December 2022
- Treasury Minutes Progress Report: June 2023 (CP 855)
- HM Treasury report: Whole of Government Accounts 2020-21 – Session 2022-23 (HC 1588)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendations are updated below.

4. PAC conclusion: Inconsistent presentation of data between years, and lack of reflection of current Government policies and economic context, reduce the usability of the Whole of Government Accounts.

4. PAC recommendation: The Treasury should ensure that analysis in the WGA supports comparability and reflects developments since the reporting date such as the impact of high inflation.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The 2020-21 Whole of Government Accounts (WGA) was published on 20 July 2023. The performance report in the 2020-21 WGA includes commentary on inflation and the cost of fraud to central government. The publication presents data consistently between years, though a substantial number of entities did not submit data for consolidation for the 2020-21

WGA, which in turn has led to a new audit qualification. There is full disclosure of this in the accounts, including extensive narrative and commentary.

5. PAC conclusion: The content of the Whole of Government Accounts has improved but does not transparently report against all key areas of government spending.

5. PAC recommendation: The Treasury should continue to improve the content of the WGA, with specific reference to the following:

- ***Spending on net zero***
- ***Government emissions***
- ***Fraud across government***
- ***Long term costs of COVID interventions***
- ***Inclusion of the equivalent of a viability statement***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 HM Treasury is committed to continuous improvement and will ensure that the Whole of Government Accounts brings together the best available published information on topics of interest. However, the department will remain mindful that the WGA financial statements are a record of past financial performance and so will only include relevant published information where appropriate. The WGA should be seen as a component of a range of government reporting and analysis, including forecasts of the Office for Budget Responsibility that provide insights into the overall fiscal position.

5.3 The 2020-21 WGA, published on 20 July 2023, includes content on climate change, fraud across government and COVID-19 costs. In addressing the request for a viability statement, the WGA commentary makes it clear that, in line with accounting standards, WGA recognises certain liabilities but not a corresponding asset. This is to reflect the government's ability to fund these liabilities through future taxation.

Twenty-first Report of Session 2022-23

Ministry of Justice

Transforming electronic monitoring services

Introduction from the Committee

Electronic monitoring ('tagging') allows the police, courts, probation and immigration services to monitor offenders' locations and compliance with court orders, and act if offenders breach their requirements. HM Prison & Probation Service (HMPPS), an executive agency of the Ministry of Justice (the Ministry) is responsible for tagging. It delivers the service through four suppliers, including Capita which runs the live service and G4S which supplies tags. As at March 2022, around 15,300 offenders were tagged.

In 2011, HMPPS launched a transformation programme to improve efficiency and capability in tagging, mainly by introducing new technology such as a new case management system called Gemini and new GPS tags. However, after significant setbacks and delays, HMPPS reset its transformation programme and restarted it in June 2017, expecting to transform services by the end of 2018. After further delays, in May 2021 HMPPS suspended development of Gemini and a linked user portal for stakeholders to access information, before terminating the contract for Gemini in December 2021 and closing the programme in March 2022. This resulted in £98 million of losses to the taxpayer.

HMPPS is expanding its use of tagging and expects to increase the number of people who are tagged by around 10,000 over the next three years. Between 2021–22 and 2030–31, it expects to spend £1.2 billion on an enhanced electronic monitoring service, extending tagging to wider groups of offenders. It has launched three new tagging expansion projects, with further schemes planned. It is also reprocuring the contracts to run the service.

Relevant reports

- NAO report: Electronic monitoring: a progress update – Session 2021-22 (HC 62)
- PAC report: Transforming electronic monitoring services – Session 2021-22 (HC 34)
- Treasury Minute: December 2022 (CP 774)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendations are updated below.

2: PAC conclusion: HMPPS remains reliant on outdated technology which puts the tagging service at risk of failing.

2: PAC recommendation: To provide assurance that the risk of system failure will not materialise, HMPPS should explain the following in its Treasury Minute response:

- ***what progress it has made in delivering planned remediation work on its case management system;***
- ***how well its systems are coping with caseload increases; and***
- ***how it will ensure that future digital contracts will factor in routine IT upgrades and maintenance.***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 As referenced in the letter to the Chair, dated 3 August, this recommendation target implementation date moved from July 2023 to September 2023.

2.3 The supplier has completed all the required systems build, and migrations to the cloud, with the following system go live dates:

- The new stock management system - 24 August 2023.
- The location monitoring system - 19 September 2023.
- The replacement telephony system - 24 September 2023.
- The location monitoring system for high-risk cases - 26 September 2023.
- The move to the cloud version of the new scheduling system, which has been in use since July, took place on 5 October 2023.
- The final migration/cut over for Tech Refresh took place on 25 October. All systems/applications are now in the Cloud and being used for Live Service by all EMS and Authority users. The Copper upgrade (plugins), which under normal circumstances would have been viewed as BAU was incorporated into the Tech Refresh programme due to the complexity and lack of updates over a significant period of time; this was completed on 30 October.

2.4 The Ministry of Justice (MoJ) is working with suppliers to finalise the full cost of delivering the remediation work. The department expects the final cost to be in the range of £12.9 million and £13.5 million, compared to the original £9.8 million estimation. The increase in cost is due to additional resources needed to complete this work and the extension of current contracts against the original plan. The decision to extend the contracts was made to minimise risk during transition which commenced in October 2023, with new contracts going live in May 2024. The increase is affordable within Electronic Monitoring's existing budget.

3: PAC conclusion: HMPPS has failed to provide police forces and the Probation Service with timely access to the tagging information they need to effectively supervise offenders and protect the public.

3: PAC recommendation: Before starting future contracts in January 2024, HMPPS should explore how it can provide police forces and other law enforcement agencies with real-time access to location monitoring data across all GPS tagging cohorts — taking account of data protection considerations—and update us on its plans.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 This recommendation was implemented in February 2023 as outlined in the letter to the Committee on its Electronic Monitoring (EM) PAC Update dated 30 March 2023.

3.3 The department has had positive feedback on the changes, particularly in relation to data requests relating to urgent cases.

3.4 In previous Treasury Minute responses, the department advised that it is also doing related work in this area, with Probation, to:

- improve access to location monitoring data for probation practitioners, and
- align non-compliance notifications for community sentences and licence cases.

3.5 On the first point, in September 2023 the department issued guidance to Probation staff on how to make requests for information via email more effectively, to ensure the quickest possible response from the supplier.

3.6 Changes required to implement the second improvement were held back to prioritise the technical refresh of the current EM systems (to implement recommendation 2 of the Committee's report). These changes were implemented to become effective from 1 November 2023.

3.7 Both these improvements are incorporated in new EM service delivery contract requirements.

4: PAC conclusion: It is unacceptable that HMPPS still does not know if or how tagging reduces reoffending, and it has been too slow to improve data.

4: PAC recommendation: Within one year, HMPPS should publish a comprehensive plan outlining what it has achieved so far and remaining work required in:

- ***improving data collection and analysis in tagging services;***
- ***monitoring the delivery of benefits in its expansion programme; and***
- ***building the evidence base for the impact of tagging on reoffending and offenders' diversion from prison.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 On 31 August 2023, the department published a comprehensive plan on the three areas outlined in the recommendation:

- The Electronic Monitoring (EM) Data Improvement Plan has been developed with extensive stakeholder engagement and is primarily based on the findings in the EM Data Discovery review carried out by the Data Improvement team (Sept 2021), Justice Digital EM Data Discovery (May 2022) and EM Data Governance Review (June 2022). Eleven areas of focus have been identified, and the plan sets out the expected outcomes of each area of work; a summary of progress to date; and progress the department expects to make between now and 2025.
- The existing benefits management strategy sets out how benefits will be managed within EM, including reporting and responsibilities of stakeholders. The plan summarises the department's approach to identifying and developing benefits, and how the department intends to monitor and report on the achievement of benefits.
- The EM evaluation strategy describes how the EM Expansion Programme will use evaluation to build evidence that can inform decisions and improve justice outcomes. In addition, the approach sets out how the department is analysing historical caseload data to assess the impact of pre-existing EM services. This strategy aligns with the wider departmental evaluation strategy and reflects government best practice guidance.

6: PAC conclusion: HMPPS's poor track record in its transformation programme does not inspire confidence that it will be well-equipped to handle risks in its £1.2 billion expansion programme.

6: PAC recommendation: HMPPS should write to the Committee in 2023, once the procurement of new contracts to run electronic monitoring is complete, on how it is handling risks in the programme. As part of this, it should explain how it will oversee suppliers' work effectively and ensure clear lines of responsibility and accountability between the integrator and its other suppliers in the programme.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 Contracts were signed in October 2023 with the Field and Monitoring Services (FMS) and Monitoring Devices and Systems Services (MDSS) suppliers, Serco, and G4S respectively.

6.3 A letter was sent to the Committee on 30 October 2023 which details the department's response to the points raised in the recommendation.

6.4 The letter outlines the approach to oversight of supplier delivery and performance, including the governance set up and regular reporting on progress and risks through the relevant boards.

6.5 HMPPS has been informed by previous experience and lessons learned, as well as government best practice.

6.6 The letter also outlines Serco's responsibilities as Service Integrator; and both parties have signed a Collaboration Agreement, which sets out clear expectations on behaviours and ways of working, and respective roles and responsibilities of the two parties.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendation is updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2025

1.2 The government recognises that more can be done to ensure that air quality information is effectively communicated to the public. The government's comprehensive review of its Air Quality Information System (AQIS), which aims to ensure members of the public have the information they need to protect themselves and understand their impact on air quality, is ongoing. The AQIS review steering group continues to review and prepare evidence to support its final recommendations, due in early 2024.

1.3 Alongside this review, a major overhaul of the UK-AIR website and other air quality web services is also ongoing. The government aims to complete the whole web system review by March 2025 with improvements being made on an ongoing basis, including a new user interface for the general public.

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

Twenty-third Report of Session 2022–23

Department for Business, Energy & Industrial Strategy

Measuring and reporting public sector greenhouse gas emissions

Introduction from the Committee

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendations are updated below by The Department for Energy Security and Net Zero.

2. PAC conclusion: The public sector as a whole lacks clear standards for measuring and reporting emissions.

2. PAC recommendation: BEIS and HM Treasury should set a timetable for issuing consistent standards for measuring and reporting emissions that is applicable to the entire public sector.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 In summer 2023 the Department for Energy Security & Net Zero, HM Treasury and the Department for Environment, Food & Rural Affairs published a timeline for producing public sector emissions monitoring and reporting guidance. This was published on GOV.UK on 29 August 2023 and covers the recommendation from the Committee.

3. PAC conclusion: Leadership and oversight of emissions measurement and reporting in central government is fragmented and ineffective.

3. PAC recommendation: BEIS, HM Treasury and Defra should work together to consolidate, simplify and clarify current measuring and reporting guidance. This should set out clear expectations for reporting across central government as well as the processes that will be followed in addressing non-compliance.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Government agrees guidance should be aligned where possible, though there are cases where different documents may be required for different purposes.

3.3 Government resolved terminology differences between the Greening Government Commitments (GGCs) and the Sustainability Reporting Guidance (SRG) in late 2022. In summer 2023 the Department for Energy Security & Net Zero, HM Treasury and the Department for Environment, Food & Rural Affairs published a timeline for producing public sector emissions monitoring and reporting guidance. This was published on GOV.UK on 29 August 2023.Together these actions cover the recommendation from the Committee.

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 The government is considering this recommendation as part of its work on the emissions reporting landscape.

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)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 855 above) the remaining recommendations are updated below.

1. PAC conclusion: We are greatly concerned that the UK government is not sufficiently prioritising the threat from animal diseases.

1b. PAC recommendation: The Department should also write to the Committee after the next National Risk Register update and explain the rationale behind the new ranking for animal diseases.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The National Risk Register (NRR) was published in August 2023. It covers all possible biological threats, risks to infrastructure and security and deliberate threats, including animal health. The NRR includes the risk of human pandemic and emerging infectious diseases, which could be zoonotic. Specific animal diseases are scored individually based on the impact of each, with the most significant risk being a major outbreak of Foot and Mouth Disease.

1.3 In a change from previous iterations, the NRR has expanded to cover three other animal diseases to cover our different sectors and each have been individually scored according to the Impact and Likelihood methodology, resulting in a more sophisticated understanding of the individual risks to the poultry, pig, ruminant and equine sectors. The Department wrote to the Chair of the Committee to explain the changes in the current version and the scoring methodology for individual diseases. This includes how the facilities at Weybridge mitigate animal disease risks through surveillance to prevent outbreaks happening and contain them when they do and in testing during recovery stage to demonstrate disease-free status for international trade.

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

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

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

4.2 The department has engaged with HM Treasury to refine a shared understanding of the costs and benefits required for the investment decision in summer 2024, and the subsequent main build phase for Science Capability for Animal Health Programme (SCAH). Funding of this scale will always require careful scrutiny alongside other fiscal pressures and the department will submit a robust case to resolve the scope and investment. The approved funding for the first tranche of the programme (through to 2024-25) is delivering preparatory works and developing the business case to support the investment decision.

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

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

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

5.2 The cost estimate continues to be developed as planned over the current tranche, through to the main investment decision in 2024. Uncertainty will be reflected in cost ranges in the next business case.

Twenty-fifth Report of Session 2022-23

Department for Business, Energy & Industrial Strategy

Regulation of energy suppliers

Introduction from the Committee

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

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendations are updated below by the Department for Energy Security and Net Zero.

1. PAC conclusion: Ofgem's failure to effectively regulate the energy supplier market has cost households an estimated £2.7 billion, with further costs expected.

1. PAC recommendation: Ofgem and the Department should review the SOLR and SAR processes to ensure that they have learned the lessons from recent experiences and report back to the Committee as part of their Treasury Minute response on what action they are taking as a result.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Office of Gas and Electricity Markets (Ofgem) and the Department for Energy Security and Net Zero (DESNZ or the department) continue to work closely to ensure consumers are protected in the event of energy supplier failures.

1.3 Following the results of their statutory consultation launched in November 2022, on 5 April 2023 Ofgem announced their intention to introduce ringfencing of Renewables Obligation (RO) receipts and implement an enhanced Financial Responsibility Principle (FRP), imposing a positive obligation on all suppliers to evidence that they have sufficient business-specific capital and liquidity so that their liabilities can be met on an ongoing basis. Following a further consultation, in September 2023, Ofgem announced its decision to introduce a common minimum capital requirement (as part of a wider capital adequacy regime) and powers to direct suppliers to ringfence customer credit balances. All these changes are aimed at making supplier failures less likely and reducing the burden of mutualised costs on consumers where failures do occur, particularly where the Supplier of Last Resort (SoLR) mechanism is employed.

1.4 On 30 March 2023 the government published its Energy Security Plan, in which it committed to examine whether there are changes to Special Administration Regime (SAR) and SoLR that could improve the processes for managing supplier exits in the future retail market. This topic was included in a policy Call for Evidence launched in Autumn 2023, and we are now reviewing responses. Ofgem and the Department will continue to review the impact of steps taken in this space to ensure that the tools used to protect customers are proportionate and effective.

1.5 As per the Committee's recommendation the government will be conducting lesson learned exercises with other government departments and energy administrators to ensure the government's role in SAR process is robust and efficient for any potential future SARs.

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

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

4.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2024

4.2 The price cap continues to perform the function it was designed for – addressing the detriment experienced by default tariff customers who do not engage in the market. The Energy Price Guarantee also remains in place until the end of March 2024 to perform the function of providing additional support to households in light of the exceptional volatility seen in global wholesale energy markets.

4.3 Going forward, it is vital that the right regulations are in place to protect households' interests. The default tariff cap has performed a valuable role, including helping the government deliver support to households during the energy crisis. However, the energy market is changing, and the current price cap is not a long-term solution. The transition to a smarter energy system will save consumers £10 billion per year by 2050 but households could lose out if they can't find deals that help them make the most of that great flexibility. The government and Ofgem are working with consumer groups and industry bodies to explore how default tariff arrangements may evolve and whether more adaptable protections could work better in future. Government and Ofgem will seek wider input on the ways to protect consumers in the future market before decisions are made.

5. PAC conclusion: It is unacceptable that many vulnerable customers, on top of having to pay higher energy prices, face extra challenges working with energy suppliers and accessing benefits designed to help people with their energy bills.

5. PAC recommendation: The Department and Ofgem should urgently review the support that government has committed to providing to vulnerable households in relation to energy supplies and assess where administrative issues might prevent support being provided in a timely manner. It should, as part of the Treasury Minute response, update the Committee on their findings and how they are addressing them.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Households in Great Britain with a domestic electricity connection were eligible for £66 per month in October and November 2022 and £67 per month between from December 2022 and up to and including March 2023, totalling £400, via the the Energy Bills Support Scheme (EBSS). The six instalments were delivered via domestic electricity suppliers. As of the transparency data released on 19th October, 99% of all expected payments (totalling £11,360,299,800) were issued to electricity customers, via 170,403,600 separate payments. As of the October data, 11,390,680 vouchers have been issued to customers with traditional pre-payment meters, and of these 87% (9,967,420) have been redeemed. This is an increase from a redemption rate of 79% in the March data.

5.3 The department is also pleased to announce that data for the £200 Alternative Fuel Payment (AFP) is now available. 99% of all expected payments (totalling £368,307,090) were issued to electricity customers, via 1,841,540 payments. Transparency data was published on GOV.UK on October 19th. As of the October data, 84,990 vouchers have been issued to customers with traditional pre-payment meters, and of these 88% (74,420) have been redeemed. This is a comparable final figure to the EBSS redemption rate.

6. PAC conclusion: We are concerned that the Department and Ofgem do not yet have a clear vision of how the energy retail market will work in the best interests of customers during the transition to net zero.

6. PAC recommendation: The Department and Ofgem should, within six months, write to us to outline how they will, on an ongoing basis, ensure that they put the short and long-term interest of customers at the heart of their thinking around the transition to net zero, and how they will manage any trade-offs.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 As set out in Delivering a better energy retail market, the government's vision for the energy retail market is one that works better for consumers, is more resilient and investable, and supports wider energy system transformation. The government's vision rightly puts the interest of consumers right at the heart of its plans for the market. What this vision means in practice is:

- Energy that is affordable for all consumers, and consumer standards that are upheld and improved.
- A market that is better prepared for future wholesale price volatility and better able to shield consumers from the costs of supplier failure. At the same time, a return to competition and profitability for well-run suppliers that offer value for consumers.
- Unlocking greater innovation within the retail market by tackling regulatory barriers.

6.3 The department has written to the Committee on 4 December to set out its plans in more detail, including how consumers are at the centre of its vision for the future energy retail market.

Twenty-sixth Report of Session 2022-23

Department for Work and Pensions

The Department for Work and Pensions' Accounts 2021-22 – Fraud and error in the benefits system

Introduction from the Committee

The Department for Work and Pensions (the Department) is responsible for the delivery of work, welfare, pensions, and child maintenance policy. It administers the State Pension and a range of working age, disability and ill health benefits to around 20 million claimants and customers. In 2021–22, the Department spent £104.1 billion on State Pension and £113.1 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 the Department. The Comptroller & Auditor General (C&AG) qualified the Department's 2021–22 accounts for fraud and error in all benefits except State Pension, which has relatively simple conditions of entitlement and a lower level of fraud and error. While the C&AG has qualified the Department's accounts every year since 1988–89 due to material levels of fraud and error in benefit expenditure, the 2021–22 accounts show the highest level of fraud and error on record. The estimated overpayment rate across all benefits excluding State Pension was 7.6% (£8.5 billion) and the estimated underpayment rate was 1.9% (£2.1 billion). The Department often refers to the level of overpayment due to fraud and error across all benefits, including State Pension, which was 4.0% in 2021-22.

The number of benefit cases that the Department administers increased significantly as a result of the COVID-19 pandemic. The number of people on Universal Credit increased from 2.9 million in February 2020 to 5.6 million in August 2020 and remained at 5.6 million in June 2022. The Department has reinstated most of the controls to prevent fraud and error that were paused at the start of the pandemic. It has also significantly reduced the backlogs in counter-fraud activity that built up because of the surge of new claimants. However, the level of fraud and error in benefit expenditure remains at a record high compared with before the pandemic

Relevant reports

- DWP report: DWP Annual Report & Accounts 2021-22 – Session 2021-22 (HC 193)
- NAO report: Report on Accounts
- PAC report: The Department for Work and Pensions' Accounts 2021-22 – Fraud and error in the benefits system – Session 2022-23 (HC 44)
- Treasury Minutes: January 2023 (CP 781)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 855 above), the remaining recommendations are updated below.

1. PAC conclusion: Benefit fraud and error remains at a record high and is yet to show any sign of falling back to pre-pandemic levels.

1b. PAC recommendation: The Department should, by the publication of its next Annual Report & Accounts:

- ***Set a target for fraud and error, working with the NAO to develop commentary alongside it to explain the context in the absence of a stable baseline.***

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 In its Annual Report and Accounts 2022-23 the Department for Work and Pensions set a detect Annual Managed Expenditure (AME) savings target of £1.3 billion in 2023-24, aligned to the activity funded by HM Treasury.

1.3 The department will report on its performance against this AME savings target in the 2023-24 Annual Report and Accounts and will continue to work with the National Audit Office (NAO) to provide the appropriate context around the target in the absence of a stable baseline.

4. PAC conclusion: The Department has not set out in sufficient detail how it will assess whether it is achieving what it wants from its investment in fraud prevention measures.

4. PAC recommendation: We again recommend that the Department work with the NAO to ensure that by the time of its 2022–23 Annual Report and Accounts it has in place an agreed framework to report on the impact and cost-effectiveness of its counter-fraud activities.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department has worked closely with the NAO to agree the framework that was used to develop the metric included within its Annual Report and Accounts 2022-23.

4.3 Although the NAO acknowledged that the estimate is experimental and requires refinement to be a reliable performance metric, they deemed individual elements of the estimate 'medium' to 'very high' in terms of reliability.

4.4 The department and the NAO agree that such enhancement will be an iterative, ongoing process and will continue to collaborate.

5. PAC conclusion: The Department's lack of transparency over its use of data analytics risks eroding public trust in the benefit system.

5a. PAC recommendation: The Department should report annually to Parliament on its assessment of the impact of data analytics on protected groups and vulnerable claimants.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department is committed to reporting its assessment of the impact of data analytics on protected groups and vulnerable claimants annually.

5.3 The department plans to include its first assessment in the Annual Report and Accounts 2023-24.

5.4 The department's letter to the Committee on 24 October 2023 sets out further information on its plans and approach.

6. PAC conclusion: The Department's efforts to correct the systemic underpayment of State Pension are too slow to meaningfully put things right.

6c. PAC recommendation: The department should as part of its Treasury Minute response, work with HMRC to fully evaluate the extent of the HRP underpayment as soon as possible and provide a timetable of when it expects each phase of this process will be completed.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department reported its evaluation of the extent of Home Responsibilities Protection (HRP) underpayments and its HRP delivery plan in its Annual Report and Accounts 2022-23.

6.3 The implementation phase of the HRP correction exercise started September 2023 using a scan to identify potentially affected customers. His Majesty's Revenue and Customs (HMRC) has begun sending letters inviting people to make a claim for missing HRP. Claims will be processed by HMRC, and the customer's National Insurance record will be updated. The department will make then any necessary changes to customers' State Pensions. The expectation is this exercise will take up to four years to complete.

6.4 The activity is supported by a communications campaign to increase public awareness and encourage people to see if they are affected. An online checking tool allows customers to check their eligibility, providing relevant contact details.

6.5 Recognising the vulnerability of some of these customers, the department and HMRC aim to correct National Insurance records and revise State Pensions (where appropriate) as quickly as possible.

6d. PAC recommendation: By the publication of its next Annual Report & Accounts, set out a plan and timetable for introducing a measure to report the total value of arrears payments that arise due to underpayments, and how it will review individual arrears payments to assess whether they are indicative of a systemic underpayment issue.

6.6 The government agrees with the Committee's recommendation.

Recommendation implemented

6.7 The department has published an estimate of arrears due in relation to the State Pension Underpayment exercise in its Annual Report and Accounts since 2020-21. The latest estimate was published in its Annual Report and Accounts 2022-23. Around the time of each Fiscal event, since October 2021, the department has published detail about the number of cases reviewed and the total amount paid.

6.8 The Annual Report and Accounts 2022-23 sets out the provision for arrears relating to Home Responsibilities Protection. This and the State Pension Legal Entitlement & Administrative Practice (LEAP) exercise are the two largest causes of underpayments in State Pension. It makes clear, the final total value of the underpayments will only be confirmed by the completion of the exercises. It also sets out the steps the department is taking to improve its business processes to ensure a reduction in potential error in the State Pension caseload.

6.9 The department continues work to ensure the risks of all underpayments are consistently identified and considered for remediation, in line with recommendations from the NAO.

Twenty-seventh Report of Session 2022-23

Department for Education

Evaluating innovation projects in children's social care

Introduction from the Committee

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

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 855 above), the remaining recommendations are updated below.

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

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

2.1 The government agrees with the Committee's recommendation.

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

2.2 In February 2023, the Department for Education published Stable Homes, Built on Love , which set out the vision for reform in children's social care. In parallel, the department published a draft of the Children's Social Care National Framework, which sets out the outcomes that local authorities should achieve for children, young people and families. The department consulted on the plans for reform, and the outcomes of the National Framework, and the government responses were published in September 2023.

2.3 Going forward, the National Framework will be issued as statutory guidance by January 2024 and will provide the sector with clear expectations for what the department expects the purpose and outcomes of children's social care to be. This will be published alongside a revised version of, Working Together to Safeguard Children, the multi-agency statutory guidance which sets expectations for the system of help, protection and support for children and families.

2.4 The department is taking a phased approach to the implementation of *Stable Homes, Built on Love*. This provides the opportunity to evaluate progress and learn from pathfinder and pilot programmes. The programmes have been designed based on lessons learned from the department's previous innovation programmes. Evaluation will be central to delivery and achieving the long-term vision for children's social care.

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

2.5 The government agrees with the Committee's recommendation.

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

2.6 The department's Regional Improvement and Support Leads continue to hold regular informal conversations with areas to understand how reforms are being implemented and where there are barriers to learning and delivering best practice. The department funds nine Regional Improvement and Innovation Alliances (RIIAs) that bring together key partners and local authorities in each region to resolve challenges and disseminate learning. In October 2023, the department convened a new National Forum, to bring together all RIIAs to strengthen the sharing of information and learning between regions and discuss the important role RIIAs have in supporting children's social care reform.

2.7 As committed to in *Stable Homes, Built on Love*, the department will establish learning loops which bring together leaders and practitioners to discuss, disseminate and promote learning. This will include learning events that provide an opportunity to share the latest good practice across local authorities and for the sector to learn about implementing reform, and embedding guidance, such as the National Framework and the revised Working Together.

2.8 The department is improving its understanding of learning across local authorities by working regularly with key stakeholders. This includes the Association of Directors of Children Services, who can provide collated insights on the take-up of learning in local areas. Ofsted has also shared informal analysis of inspection reports that demonstrate where innovation is improving practice.

2.9 The department is also developing Practice Guides to share the best available evidence on practice issues with leaders and practitioners, and the Children's Social Care Dashboard will support embedding the use of learning and evidence in local areas. The department will continue to consider local authority engagement across this.

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

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

3.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

3.2 In the Children's Social Care: Stable Homes, Built on Love government consultation response, the department committed to publish a children's social care data strategy, which will set out its long-term plan for transforming data in children's social care. In the last year, the department has already begun supporting improvements to local data collections, including commissioning a project that is examining how local authorities can define and develop a shared, standard data set for children's social care data. The data strategy has been shaped by the input and feedback received from local authorities and sector experts in preparation for publication by the end of the year, when the department will publish a statement of strategic intent, and roadmap for transforming data in children's social care.

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

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

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

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

5.2 Since publishing the implementation strategy, Stable Homes, Built on Love in February 2023, the department has launched a series of pathfinder and pilot programmes in some local authorities. The first wave of local areas for the Family First for Children (FFC) pathfinder, and additional Family Network pilot areas, were announced in July 2023. The second wave of FFC pathfinder areas will be announced in early 2024. The delivery partner for the pathfinder (a consortium of Mutual Ventures with the Innovation Unit) has been recruited, and an external partner will conduct an evaluation of the programme. The findings from pathfinder and pilot programmes will be used to share learning across local authorities, so that those not included as pathfinder local authorities can still benefit from innovative approaches to practice.

5.3 The department sees the new Children's Social Care Dashboard as an important new tool to support learning. The goal is to raise the quality of practice and see better services delivered to children and families. The Dashboard will increase transparency and support local, regional, and national learning. The department will publish documentation and an initial list of indicators covered by the Dashboard in December 2023, with the first public-facing iteration of the Dashboard expected to launch in Spring 2024.

Twenty-eighth Report of Session 2022-23

HM Treasury, Cabinet Office, Infrastructure and Projects Authority

Improving the Accounting Officer Assessment process

Introduction from the Committee

Central government bodies must exercise effective stewardship over their use of public money. A body's accounting officer, normally the permanent secretary as the most senior civil servant, is personally responsible and accountable to Parliament for managing the use of public money. In September 2017, in response to the Committee of Public Account's report of 2016, HM Treasury introduced guidance requiring accounting officers to assess Government Major Project Portfolio (GMPP) programmes—through accounting officer assessments (AO assessments)—against the four standards of regularity, propriety, feasibility and value for money set out in Managing Public Money and conclude on whether these had been met. It also agreed that a summary of the AO assessment for GMPP programmes should be made publicly available. AO assessments serve two purposes: supporting accounting officers in making decisions that align with Parliament's expectations for spending public money; and supporting the transparency and effective scrutiny of spending and decision-making on behalf of taxpayers. HM Treasury's guidance requires AO assessments to be completed when programmes join the GMPP or complete an outline business case, should this be later, and when they change significantly. Accounting officers are also required to publish a summary of these assessments unless there are overriding public interest reasons for not doing so.

Relevant reports

- NAO report: Accounting officer assessments: improving decision making and transparency over government's – Session 2022-23 (HC 65)
- PAC report: Improving the Accounting Officer Assessment process – Session 2021-22 (HC 43)
- Treasury Minute: February 2023 (CP 802)
- Treasury Minutes Progress Report: June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 above), the remaining recommendation is updated below.

3. PAC conclusion: While accounting officers recognise the value of AO assessments, they are not being used consistently across government.

3. PAC recommendation: Cabinet Office and HM Treasury should embed AO assessments into training for senior civil servants and set up specific forums for AOs to share how they use AO assessments to draw judgements against each of the four AO standards.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Since the last progress update in June 2023, HM Treasury has continued working with the Leadership College to develop more in-depth training regarding the use of AO assessments and Managing Public Money. The SCS Civil Service orientation training, provided by the Leadership College for Government, now incorporates material on Managing

Public Money, and specifically the use and importance of AO assessments. HM Treasury will also provide more in-depth training as part of the forthcoming refresh of training for new members of the SCS, as well as working with the Leadership College to incorporate a round-table focussed on AO assessment as part of their ongoing programme of 'collective leadership' events. This is in addition to existing training on AO assessments delivered to new accounting officers as part of the AO induction roundtable, and to members of the Government Finance Function through One Finance, existing Permanent Secretaries and Accounting Officers also share their experiences with Senior Civil Servants, notably training prospective Permanent Secretaries.

3.3 Treasury Officer of Accounts also provides ongoing support and advice on accounting officer duties and assessments when requested by departmental finance officials and accounting officers themselves.

3.4 HM Treasury remains committed to continuous improvement in this area, and the Treasury Officer of Accounts will continue to work with Finance Directors to share best practice in the advice they provide to their accounting officers, as well as discussing ways this support can be enhanced further.

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)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 855 above), the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

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

1.2 Earlier in 2023 the government asked Homes England and the Greater London Authority (the Affordable Homes Programme (AHP) delivery agencies) to work with their providers during Spring 2023 to confirm their programme commitments in light of new economic challenges to delivery. This review has now concluded, and the government has already announced a number of flexibilities to the Affordable Homes Programme as a result, including:

- Increasing the amount of acquisitions that can be included in the programme from 10% of delivery to 30% of delivery
- For the first time, allowing the use of grant towards replacement homes on regeneration schemes where there is a positive impact on overall housing supply. This will mean that more regeneration schemes become viable enabling the sector to replace outdated, inefficient, and poor quality stock with new housing, whilst meeting the Affordable Homes Programme objective of increasing supply.

1.3 The government has changed the implementation date to allow more time for ministers to clear the revised targets for release, the government expects to report to the Committee in the coming months to share these targets.

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 2024
Original target implementation date: Summer 2023

2.2 As set out in the government's earlier response to PAC, published in February 2023, the government has already taken steps to match programme delivery with local need and to engage Local Authorities.

2.3 Since the last report to the Committee the government is also considering how to expand the unprecedented powers extended to the Trailblazer areas of West Midlands and Greater Manchester to other developed MCAs.

2.4 The government intends to consider the ability of the programme to be more agile and adaptive to need as part of the successor programme. Ministers will consider these questions as part of the options for a new programme to succeed the 2021 programme. Ministerial decisions will depend on the timing of the next Spending Review

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.

Target implementation date: Spring 2024

4.2 The government continues working to identify the wider outcomes and positive impacts that flow from increasing the supply of affordable housing. The government will progress work on the analysis and options for implementing this recommendation for the wider benefits of social housing to be more efficiently reflected in value for money calculations. Ministerial decisions will depend on the timing of the next Spending Review.

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.

Target implementation date: Spring 2024

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

5.3 The government will explore the cost and deliverability of additional net zero requirements at the point that ministers consider options for a successor programme.

5.4 The government will progress work on the analysis and options for implementing this recommendation. Ministerial decisions will depend on the timing of the next Spending Review.

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

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

6.1 The government agrees with the Committee's recommendation.

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

6.2 The government has prepared its first annual report to Parliament on programme delivery which it plans to issue each year. The government will share this report with the Committee in the coming months alongside revised targets (see recommendation 1 above) for the programme. The government has updated the implementation date to allow more time for ministers to clear the report for release.

6.3 As the report by the National Audit Office noted, the government does not currently hold all the data that the Committee has asked for. The government does not have a measure for quality that applies to homes built through the programme. The government will confirm the information it will be able to share in its first report. The government will also work with the programme delivery agencies to improve their reporting so that future annual reports will include more of the information that the PAC has requested.

6.4 The government is on track to deliver its target of building around 250,000 affordable homes through the Affordable Homes Programme 2016-23, with around 244,000 new housing starts delivered by March 2023, and a further 5,000 homes granted an extension to start before March 2024.

Thirtieth Report of Session 2022-23

Department for Education

Developing workforce skills for a strong economy

Introduction from the Committee

In early 2022, the UK workforce comprised around 32.6 million people. Technical workforce skills—practical or vocational skills that allow people to complete specific job-related tasks—are particularly important in the workplace because they help workers operate more efficiently and effectively. The system for developing workforce skills involves a range of organisations, including government, employers, colleges, commercial training providers and local bodies, as well as individuals. Within government, DfE leads on skills policy in England, supported by other departments including the Department for Business, Energy & Industrial Strategy (BEIS), the Department for Digital, Culture, Media & Sport (DCMS), the Department for Levelling Up, Housing & Communities (DLUHC) and the Department for Work & Pensions (DWP).

Government skills policy has evolved over recent years, particularly in response to events such as the UK's exit from the European Union and the COVID-19 pandemic. DfE published the *Skills for Jobs* White Paper in January 2021, explaining how government would carry out reforms to support people to develop the skills that the economy needs. The subsequent Skills and Post-16 Education Act 2022 made provisions to facilitate stronger engagement by employers and training providers in local skills systems, and introduced measures to support lifelong learning.

Government does not have an estimate for its total spending on activities designed to develop workforce skills. DfE's data indicate that spending on adult education, apprenticeships and other skills programmes totalled £3.9 billion in 2021–22. This amount does not include any element of the £6.2 billion spent on learning for 16-19-year-olds, which covers both academic learning and skills training, because DfE does not disaggregate the figures.

Relevant reports

- NAO report: Developing workforce skills for a strong economy – Session 2022-23 (HC 570)
- PAC report: Developing workforce skills for a strong economy -Session 2022-23 (HC 685)
- Treasury Minutes: February 2023 (CP 802)
- Treasury Minute Progress Report June 2023 (CP 855)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 855 above), the remaining recommendation is updated below.

4: PAC conclusion: Employers are spending less than they used to on workforce training which risks leaving the economy without the skills it needs.

4: PAC recommendation: DfE, working with other government departments as necessary, should review how it incentivises employers to invest in skills development, including through the apprenticeship levy, and, in the light of its findings, take action to improve the effectiveness of the incentives. DfE should write to us within six months with an update on what it has done.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The Department for Education has taken action to support employers to increase their investment in skills, especially amongst small and medium sized enterprises (SMEs).

4.3 In April 2023 the department removed restrictions on the number of apprentices SMEs can recruit. The department is continually making it easier for all employers to offer high-quality apprenticeships by simplifying its systems and reducing bureaucracy. In July 2023, it cut the number of steps needed to register to take on an apprentice by a third.

4.4 The department has also provided an employer engagement toolkit to officials across other government departments, which can be used to support domestic employer engagement. This will ensure that there is one government voice in relation to the skills offers, making the system simpler and supporting investment in skills.

4.5 The department has made it easier for employers to engage with T Levels by launching the Employer Support Fund and the Connect Service, enabling employers and providers to discuss opportunities to collaborate. The department has reprocured the employer support contract to the Strategic Development Network, to help employers offer high-quality industry placements.

4.6 The department continues to work with other government departments, including the Department for Business and Trade (DBT) and HM Treasury, to explore further options to incentivise employers to invest in domestic skills development.

4.7 The department also continues to work with DBT to develop more support for foreign and domestic investors to navigate and use the UK skills system, to leverage major business investment.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 855 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.

Target implementation date: Spring 2024

1.2 In the previous update, the new off-the-shelf technology solution was in the process of being procured with support from Cabinet Office Digital. The Government Property Data Standard, that will underpin the new system, was published on 2 Feb 2023.

1.3 Following above, the programme awarded a contract to Planon Ltd on 30th June 2023, a Commercial Off the Shelf (COTS) solution. This was through a Crown Commercial Services (CCS) framework. The product will be configured by the 31 March 2024. From 1 April 2024, data migration and data updating, and on boarding of all Central Government bodies shall commence.

1.4 Delivery of the system is on track. Two milestones have been delivered on time and budget including the 1st product release on the 29t September 2023 that contains the data structure and user interface. The data model aligns with the property data standard. A business change group has been established with cross government entities for user testing and user research, with findings to iterate further system configuration to best meet requirements. The programme has implemented a comprehensive governance and stakeholder workstream.

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

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

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

4.1 The government agrees with the Committee's recommendation.

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

4.2 The Government Property Agency (GPA) has completed a detailed review of its approach to benefits management and has calculated benefits booked up to June 2023. The methodology and findings of this review are being reviewed by government experts, including HM Treasury, Cabinet Office Chief Economist and UK Government Investments, and are subject to independent assurance.

4.3 The GPA's benefits methodology is aligned with the HM Treasury Green Book, and measures costs and benefits over 20 years in line with the approach taken in the New Property Model Business Case (NPMBC). This includes understanding and assessing both benefits and disbenefits from GPA's activities including the Hubs and Whitehall Campus Programmes and additional benefits that were not foreseen in the NPMBC which created the Agency.

4.4 Estimated cashable benefits realised to date and forecast to be realised by Year 10 compare favourably with the forecast in the NPM Business Case, in particular by the Whitehall Campus Programme. In addition, significant non-cashable benefits are identified, and other benefits that GPA has enabled, but which are not directly attributable to it, are noted but not claimed.

4.5 There is an amendment to the target implementation date from Summer to December 2023. This has been delayed to enable GPA to undertake internal and external assurance activities to validate key assumptions, financial models and the value attached to the benefits. A letter was sent on 10 November 2023 to inform the Committee of the delay to the recommendation.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 828 above), the remaining recommendations are updated below by the Department for Culture, Media and Sport (the department) and Sport England.

3. PAC conclusion: The Department has not yet set out how it will determine whether its efforts to tackle persistent inactivity levels are a success.

3. PAC recommendation: In its new strategy, the Department should set out the specific outcomes it is aiming to achieve with inactive groups, what targets it is working towards, and how it will measure progress.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 In August 2023, the government published the new Sport Strategy, Get Active: A strategy for the future of sport and physical activity, which sets out the government's ambition to drive participation in sport and physical activity, particularly in those groups where inactivity rates have remained stubbornly high.

3.3 The government will use the Active Lives survey to monitor progress against the headline national ambitions, as well as the specific targets to tackle disparities in participation rates.

3.4 The newly established National Physical Activity Taskforce (NPAT) brings together five government departments (the Department for Culture, Media and Sport, the Department for Education, the Department of Health and Social Care, the Department for Transport, and the Department for Environment, Food and Rural Affairs) with the sport sector and independent experts to deliver these ambitions. The NPAT will continuously monitor progress against the government's national ambition, and specific sub-targets, to see if the government is making a difference. The analytical subgroup will present thematic analysis and data to the taskforce to underpin the discussion and drive actions to deliver targets.

4. PAC conclusion: Sport England has not yet translated its understanding of the barriers to participation into action to enable inactive groups to participate in sport and physical activity.

4. PAC recommendation: Sport England should, by June 2023, write to us with details of the barriers for the least active groups, and what action it is taking to address them to ensure people have the motivation, confidence and opportunity to participate in physical activity.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Sport England wrote to the Committee on 30 June 2023 with the details requested in this recommendation.

4.3 Sport England will also contribute to work taking place across government and the sector through its role in the new National Physical Activity Taskforce (NPAT) which will bring together government departments, the sport sector and independent experts to deliver coordinated and innovative policy that will help encourage people to get active.

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

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

5.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2024

5.2 Sport England invests public money responsibly, recording and publishing data on all grant recipients – including location data down to postcode level. Sport England publishes an updated register of grant awards on a quarterly basis, with awards dating back to 2009 listed in full.

5.3 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.

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

5.5 Sport England will set out appropriate detail in its 2023-24 Annual Report & Accounts and explain how investments are being targeted at deprived and less active communities.

6. PAC conclusion: The Department's approach to working in partnership with other organisations to encourage people to take part in sport and physical activity is not yet effective.

6. PAC recommendation: In its new strategy, the Department should set out what it and Sport England will do differently to ensure sustained integration and collaboration with other bodies to achieve increased levels of physical activity.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The new Sport Strategy Get Active: A strategy for the future of sport and physical activity outlines how the department and Sport England will ensure sustained integration and collaboration with other bodies to achieve increased levels of physical activity.

6.3 For the government, this will mean cross-departmental working through the National Physical Activity Taskforce to try to reduce inactivity levels. The inclusion of sector representatives on the Taskforce will enable leaders to be directly challenged on progress, and create an environment where innovative policy levers to deliver an increase in participation can be considered.

6.4 The department and Sport England will also work together to develop a new, strengthened ALB partnership-working approach in a number of places which have received devolution deals, supporting greater funding alignment and strategic collaboration with local governments. This will enable more place-sensitive approaches in these areas, empowering regional stakeholders to make the decisions that work best for their places and the people who live, work, and visit them.

6.5 In addition, Sport England will work with the Local Government Association (LGA) to ensure local decisions on funding new and existing facilities and spaces are guided by those who understand community needs and can inform what is likely to work. This will involve providing advice and support on developing facilities plans for local areas which take into account informal spaces for participation as well as the role of the local leisure estate.

7. PAC conclusion: The Department does not know if leisure facilities are financially sustainable or are delivering the sports facilities that communities need.

7. PAC recommendation: The Department should urgently review the condition of leisure facilities and, working with the Department for Levelling Up, Housing & Communities and other government departments, take action to ensure their financial sustainability. The Department should write to us with an update on this review by June 2023.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 The department wrote to the Committee as requested.

7.3 Local authorities remain responsible for funding local leisure provision. However, in recognition of the particular pressures the sector is currently facing, the government announced the over £60 million Swimming Pool Support Fund in March 2023. The fund continues to be delivered by Sport England, at pace and on target, and with support from DLUHC. Applications for the over £20 million urgent support phase of funding opened in June 2023 and closed on 11 August 2023. Sport England and DCMS announced the local authorities that have been awarded funding on 2 November 2023.

7.4 The second phase of £40 million is being made available for investment to make pools and leisure centres more energy efficient, helping the long-term energy and financial resilience of the sector. Applications for this phase launched on 7 September 2023 and closed on 17 October 2023, with awards being made early in 2024. Applicants across both phases have been required to provide detail on their Local Leisure Plans, to encourage future strategic planning from local authorities and the sector.

7.5 Furthermore, the new government sport strategy Get Active: A strategy for the future of sport and physical activity commits to the development of a National Vision for Facilities. This vision will set out the role of facilities and wider spaces for participation, including the importance of the public and private leisure sector, to anticipate future fiscal events.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 828 above), the remaining recommendations are updated below.

1: PAC conclusion: HMRC has not yet returned to setting a formal compliance yield target, against which it can be meaningfully held accountable.

1: PAC recommendation: HMRC should return to a formal compliance yield target with HM Treasury from April 2023 and report the target publicly. In doing so, targets should take account of inflation and economic factors, for example by setting the target relative to tax revenue.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 HMRC's remit letter has been shared with the Public Accounts Committee and the Treasury Select Committee, which includes the 2023-24 compliance yield target.

1.3 The compliance yield target is set at a level that is consistent with the government's fiscal plans.

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

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

2.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

2.2 HMRC is exploring the feasibility of applying advanced statistical techniques to produce an overall uncertainty range and will publish a range if it is analytically robust. The department is on track to have conclusions in line with the target implementation date.

2.3 Statistics using data and modelling are subject to uncertainty and this is an inherent aspect of all tax gap estimates. The headline tax gap, the sum of 25 separate tax gap estimate methodologies, is subject to uncertainties due to the data available, how that data was collected (for example, as a result of a survey; administrative data; consumer expenditure data from the National Accounts produced by the Office for National Statistics, or a random compliance check) and the estimation method used.

2.4 The department publishes a total point estimate for the tax gap which is equal to the sum of the central estimates components and point estimates components where ranges are not produced.

2.5 The department has increased transparency on the levels of uncertainty of the estimates where this is feasible. Since 'Measuring tax gaps 2021 edition' an uncertainty rating for each of the tax gap components is published. These ratings range from 'very low' to 'very high' uncertainty. For 2020-21, 71% of the tax gap estimate attained a 'low' or 'medium' uncertainty rating.

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

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

4.1 The government agrees with the Committee's recommendation.

Target implementation date: end March 2024

4.2 HMRC has in place an effective range of controls that protect the tax system from attack by criminals and other frauds. Since 2020-21, HMRC has prevented over £4.5 billion revenue loss from attempted repayment fraud. HMRC has well-established links with overseas tax authorities, through its fiscal crime liaison officer (FCLO) network, the Joint Chiefs of Global Tax Enforcement (J5) community and the OECD Forum on Tax Administration. HMRC works with those partners to understand the changing nature of criminal threats and respective capabilities to counter them. HMRC is undertaking a fact-finding exercise with counterparts in Australia, Canada, Netherlands, USA, Germany and India to understand their approach to preventing fraudulent VAT (or their equivalent) registrations and identify any lessons HMRC could learn from those countries. This fact finding covers 3 main themes:

1) understanding the headline position for the VAT equivalent regime (population size etc.),

2) what registration and repayment controls are in place; and

3) what data, analytical and risking capabilities are deployed.

The work will be completed by March 2024.

5: PAC conclusion: Taxpayers and their agents are still not receiving an acceptable level of customer service

5: PAC recommendation: HMRC should write to the Committee setting out its plan to improve customer service to adequate levels as quickly as possible, and within three months, including:

- ***the metrics HMRC will use to monitor its customer service performance, including metrics it needs to demonstrate it can answer calls and deal with post in a timely manner;***
- ***the level of customer service taxpayers and their agents can expect to receive over the next three years against each of these performance metrics;***
- ***how it will support customers who are unable to engage digitally or have a preference for post or telephone contact; and***
- ***its contingency arrangements if its plans to reduce demand for traditional channels are unsuccessful or take longer to implement.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 HMRC wrote to the committee in May 2023 setting out its plans and explaining that the approach to improving customer service performance will be primarily through supporting taxpayers to use online services. This is easier and quicker for taxpayers and these services have customer satisfaction rates regularly over 80%. This will allow HMRC to focus advisor support on those who need one-to-one support – those with complex queries, the digitally excluded and the vulnerable.

5.3 HMRC publishes quarterly and monthly performance updates against key customer service metrics which will continue to be updated. HMRC's remit letter has been shared with the Public Accounts Committee and the Treasury Select Committee, which includes customer service targets.

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

6.3 Recent deliveries include:

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

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

Thirty-fourth Report of Session 2022-23

HM Treasury, UK Infrastructure Bank

The Creation of the UK Infrastructure Bank

Introduction from the Committee

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 828 above), the remaining recommendations are updated below.

1. PAC conclusion: The Treasury's decision to launch the Bank at pace had both positive and negative consequences.

1. PAC recommendation: By April 2023 the Treasury should write to the Committee:

- ***Setting out the long-term plans for the institution, including when reviews will be made and by whom;***
- ***Assessing whether the governance arrangements in place are the right ones, explicitly considering the level of engagement and expertise that UK Government Investments as a shareholder representative brings to bear, and reporting on these to Parliament;***
- ***Setting out criteria for assessing whether operational independence for the Bank is working as intended, and for reviewing based on those criteria; and***
- ***Identifying lessons learned from setting up at pace and whether this was the best way to launch an organisation of this type***

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 On 30 April 2023 and 16 June 2023, HM Treasury Permanent Secretary James Bowler wrote to the Committee on these issues, meeting this recommendation.

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

2. PAC recommendation:

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

2.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2024

2.2 On 30 April 2023 and 16 June 2023, HM Treasury Permanent Secretary James Bowler wrote to the Committee setting out an initial update on the first bullet of this recommendation and meeting the second bullet of this recommendation.

2.3 In this correspondence, the Permanent Secretary committed to providing further details of how HM Treasury will assess whether roll-out of the UK Infrastructure Bank is complete (the Bank). HM Treasury will assess the Bank on the following metrics:

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

2.4 The Bank is making important progress on all these metrics. On 25 October 2023 the Bank wrote to the Committee to provide details of this progress. If these metrics are not achieved by March 2024, the Bank will continue to provide six-monthly updates to the Committee until these metrics are met.

3. PAC conclusion: We are not convinced the Bank has a strategic view of where it best needs to target its investments.

3. PAC recommendation: The Bank should write to the Committee within 3 months outlining its investment strategy for making a full range of investments, including a timeline for when it expects to be making deals proactively.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 In September 2023, the Bank published strategy updates for its private sector investments and for its local authority advisory and lending. Instead of writing to the Committee, the Bank met this recommendation through these strategy updates – which outlined the Bank's investment strategy for making a full range of investments, including that the Bank proactively engages the market and shapes transactions. Its private sector strategy update sets out the seven key sectors in which the Bank see opportunities to tackle problems by deploying their finance in the next 12-24 months. Its local authority strategy update provides new detail on the Bank's local authority advisory services and lending offer, and the areas in which they are building expertise: retrofit, heat networks, transport and place-based growth.

3.3 Alongside its September 2023 strategy updates the Bank also published sector strategies for: short duration energy storage; hydrogen; carbon capture, usage and storage (CCUS); EV charging; zero emission buses; heat networks; and port infrastructure for floating offshore wind. These strategies set out the Bank's current view of the market and the problems they want to solve.

4. PAC conclusion: The Bank's advisory function remains in the early stages of development and uncertainty remains on how it will be funded and how smaller local authorities will benefit from its activities.

4. PAC recommendation: Upon completion of its three pilot schemes, the Bank should write to the Committee setting out how its advisory function will work in practice, including how it will design a funding model that reflects the cost of the support provided, and regulates demand. The Bank should also outline how it will ensure smaller authorities are not left behind.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 On 26 June 2023, John Flint (UKIB's CEO) wrote to the Committee to set out how the Bank's advisory function will work and how smaller authorities will not be left behind, thereby meeting this recommendation.

4.3 On 25 October 2023 the Bank wrote to the Committee providing further update on the progress of its advisory function.

5. PAC conclusion: Maximising the Bank's impact will depend on close cooperation with government departments, but it has not yet worked out how this will operate in practice.

5. PAC recommendation: In its Treasury Minute response, the Bank should describe its engagement strategy for working with government departments, focussing in the very short term on how it engages with those departments most critical to delivering its mission, including the Department for Environment Food and Rural Affairs, the Department for Levelling Up Housing and Communities and the Department for Business, Energy and Industrial Strategy.

5.1 The government agrees with the Committee's recommendation

Recommendation implemented

5.2 The last Treasury Minute met this recommendation, noting that the Bank has appointed a lead point of contact for each department within the Bank, each of whom has regular engagement with their department to understand the government's strategic priorities and help originate and assess investment opportunities. This is supported by regular engagement between the Bank and senior government officials as needed. The Bank continues to build on these relationships.

6. PAC conclusion: The Bank has not fully set out how it will measure and report its performance, and how it will evaluate its activities to ensure that it can demonstrate additionality.

6. PAC recommendation: By March 2024 the Bank should write to us detailing how it has implemented a full suite of performance metrics and targets including productivity and green performance, together with a forward plan for evaluation that includes additionality assessments. It should at the same time outline how it will publicly report its performance and the results of its evaluation over time.

6.1 The government agrees with the Committee's recommendation

Recommendation implemented

6.2 On 16 June 2023, HM Treasury Permanent Secretary James Bowler wrote to the Committee to set out how the Bank has implemented a full suite of performance metrics and targets. On 26 June 2023, John Flint (UKIB's CEO) also wrote to the Committee to provide further detail on how the Bank has implemented these performance metrics and targets, thereby meeting this recommendation.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 828 above), the remaining recommendations are updated below.

1. PAC conclusion: It is not clear what tangible benefits for patients will arise from the move to ICSs, nor is it clear by how much or by when things will improve.

1. PAC recommendation: The Department should write to us within six months and set out:

- ***What specific measurable benefits it expects from the formal move to ICSs, including a clear description of the benefits, relevant metrics, and the timeframe for achieving them.***
- ***What barriers have been overcome between the NHSE and social care to support the integration of their objectives and funding.***
- ***What action it took as a result of its 2019 consultation on prevention, and whether and when it expects to finally publish a response. In publishing its response, it should set out the known drivers of better health outcomes, how they are measured, and which improvement ICSs will be specifically accountable for, which are the responsibility of NHS England and the Department, and which are wider government responsibilities.***

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The department wrote to the Committee on the 29 August 2023 with a detailed response to each of the three points outlined in the recommendation above.

1.3 The letter sets out department's approach to ensure integrated care systems (ICS) are delivering for their populations and the steps taken by the department to facilitate integration and joint working between NHS and social care. The letter also covers how the department is progressing with the prevention agenda setting out ICS accountability and responsibility of NHS England and the department in this regard.

2. PAC conclusion: We remain very concerned about the critical shortages across the NHS workforce and the Department's repeated delays in publishing a strategy to address them.

2. PAC recommendation: The Department should make good on its commitment to publish a comprehensive NHS workforce plan and the forecasts underpinning it in 2023. That plan should set out the assumptions it is based on, including what the NHS will achieve if it is staffed to the target level. If the Department intends for NHS staffing levels to remain significantly below OECD comparator countries, it should explain why. The Department should write back to us a year after the plan is published to provide a progress update on what the plan has achieved, including changes in NHS staff numbers.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The government commissioned NHS England to produce the NHS Long Term Workforce Plan (LTWP), which was published on 30 June 2023. The LTWP sets out the steps the NHS and its partners will need to take to deliver a NHS workforce that meets the changing needs of the population over the next 15 years. The government has backed this plan with over £2.4 billion over five years to fund additional education and training places.

2.3 The National Audit Office will independently assess the modelling behind the Plan. NHS England will continue to develop the models, which will be updated at least every two years, or aligned to Spending Review cycles as appropriate.

2.4 The LTWP sets a path to grow the workforce through training more clinical and non-clinical staff, improving staff retention, and implementing reforms to improve productivity and ensure the right skills mix to meet the needs of the population and service ambitions.

2.5 The assessed expansion set out in the LTWP would, on the basis of current projections, result in education and training levels which are in line with average numbers per size of population in comparable OECD countries.

2.6 The department will provide progress updates to the Committee in June 2024.

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

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

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

3.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

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

3.3 In April 2023, the government published Next steps to put People at the Heart of Care setting out next steps on the reform journey, including government plans to spend the remaining £250 million on workforce reforms over the next 2 years. This is to be underpinned by a workforce reform evaluation strategy to ensure government can assess impact over the spending review period to inform future plans. The government should be in a position to share interim findings to the Committee in April 2025.

3.4 This government has made good progress in implementing the next steps. Specifically, £15 million in international recruitment regional support funds were awarded across May/June 2023. The Adult Social Care Volunteer Responders Programme launched 7 June 2023. Following a call for evidence across April/May 2023 generating 585 responses, before the end of the year the government intends to launch the first iteration of a new career structure for care workers so that all staff can build their careers and more experienced care workers are recognised for their skills. The government expects to announce further plans for use of the £250 million budget by the end of 2023.

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

- ***write to us by 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 announced in September 2022 to tackle delayed discharge.***

3.5 The government agrees with the Committee's recommendation.

Recommendation implemented

3.6 The government wrote to the Committee with the requested information above on 31 July 2023.

3.7 The £500 million 2022-23 discharge fund helped local authorities and integrated care boards (ICBs) to deliver additional care packages and beds, provide equipment to support people to return home, and to boost the social care workforce.

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

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

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

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

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

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

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

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

5.5 The government agrees with the Committee's recommendation

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

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

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

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

Thirty-sixth Report of Session 2022-23

Ministry of Defence

The Defence digital strategy

Introduction from the Committee

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

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

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

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

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 828), the remaining recommendations are updated below.

1. PAC conclusion: The department accepts that it has not yet transformed itself to meet the challenges of modern warfare.

1. PAC recommendation: Within six months, the department should provide us with an update that sets out the outcomes of its 'digital exploitation for Defence' work, and how it will embed the cultural and organisational changes needed to ensure the whole department prioritises digital transformation.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 Digital Exploitation for Defence (DX4D) is rooted in a shared vision of pan-Defence digital transformation and is delivering against specific outcome areas of campaign advantage, capability deployment, and business operations.

In the first half of 2023, DX4D has resulted in the rapid creation of Minimum Viable Product (MVP) initiatives, to demonstrate the benefits to be gained through application of digital technologies and new ways of working, building momentum for change and wider support across the organisation. The MVPs are on track to deliver initial operating capabilities in the current financial year.

1.3 By maintaining a strong focus on delivery, pan-Defence digital transformation and employing a data-driven approach, DX4D will improve the department by:

- gaining decision-advantage over adversaries, through new situation awareness tools, enabled by data, analytics, and AI.
- transforming equipment availability, interoperability, and acquisition speed, through new Control Centres.
- releasing efficiencies, empowering staff with great user experiences, and making faster, better decisions, through more effective corporate systems.

The work is underpinned by accelerating the delivery of key enablers such as digital skills, standards and architecture, portfolio management and improving the digital delivery model.

1.4 In the latter half of 2023, DX4D has increasingly focussed on the cultural and systemic levers needed for effective prioritisation of digital transformation. DX4D support and promote initiatives across the department to establish more agile and dynamic approaches to the end-to-end process for delivering digital products and services, which will reflect the imperatives and pace needed to achieve strategic advantage in modern warfare.

2. PAC conclusion: Despite the urgency and ambition of its digital strategy, the department does not yet have a delivery plan to measure and track progress.

2. PAC Recommendation: In its update to us in six months, the department should also set out how it is performing against its delivery plan, including what metrics it is using to track performance.

2.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

2.2 The Ministry of Defence (the department) wrote to the committee on 31 August 2023 setting out the progress it has made in delivering its digital strategy. The department’s digital delivery plan is on track to deliver against the three strategic outcomes by 2025.

2.3 The department uses a range of metrics to track progress against these outcomes and a range of initiatives to drive progress; examples include:

- Delivering and adopting technology for the Digital Backbone, measured through, for example, common standards for interoperability, and numbers of digital identity products available via service catalogue.
- Scaling and exploiting an agile software development house to take advantage of new technology and drive data exploitation, coherence, and efficiency across the department. This is tracked through measuring adoption (number of apps built), efficiency (reducing duplication) and benefits (cashable and Defence outcomes).
- Developing a skilled digital function by delivering a critical capability uplift on digital skills, measured through a target percentage of the workforce who can demonstrate required digital skills to foundational levels of proficiency. Also, delivering the department's Integrated Review (IR) 21 efficiency targets with a target value of cash-releasing efficiencies over the IR21 period.

Delivery of the digital strategy is being driven through a combination of outcome measures, performance metrics and business intelligence to identify emerging priorities and areas for focus. Current priorities are people and backbone.

2.4 The department uses corporate management information to track live progress against plans, underpinned with quarterly performance reviews providing informed options to functional governance and decision-making bodies.

3. PAC conclusion: The department faces a considerable challenge to recruit the specialist digital skills that its strategy relies on.

3. PAC recommendation: In its update to us in six months, the department should also set out how it has changed its approach to recruitment and what quantified effect this has had.

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

Recommendation implemented

3.2 The department has moved at pace to improve its ability to recruit the skills it needs since the last update to the Committee; however, it will take time before we will be able to demonstrate the quantifiable impact.

- Pay – in early October 2023, the Digital, Data and Technology (DDaT) pay framework was rolled out to support recruitment and retention in specialist roles. A Higher Starting Pay (HSP) case was also submitted for critical roles to better attract niche talent.
- Location – the department has made significant progress with its location strategy and is in the process of securing space for a pilot Northern ‘Digital Hub’, mirroring the strategy adopted by many other government departments to access Digital talent.
- Workforce reshaping – the department concluded its VE scheme, with the first tranche of exits this month running to March 2024, enabling legacy roles to be re-purposed to recruit more highly skilled personnel. In parallel, the department is re-skilling current staff into new digital roles as part of implementing the Service Executive Model (SEM) and expanded its talent pipeline through the digital graduate scheme 2nd intake.
- New sourcing models – the department is in the process of rolling out *With You With Me* (WYWM) as the first 'recruit/train/deploy' model for the department, adopting best practice from elsewhere in government.

3.3 The department continues to improve its branding and marketing strategy alongside this, through increased use of social media and recently launched a dedicated career site using the new government career platform.

4. PAC conclusion: The department is struggling to deliver its largest, most transformational digital programmes.

4a. PAC recommendation: In its update to us in six months, the department should also explain the actions it has taken to improve its performance in delivering major digital programmes.

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

Recommendation implemented

4.2 The department wrote to the Committee on the 31st of August 2023 outlining a number of steps it has taken to improve delivery of its major digital programmes including a significant overhaul of its Programme Governance, such as the pan-Defence Digital Programme Management Board focussing on escalations and exception reporting. This is jointly chaired by the Directors responsible for Delivery, Finance, and Functional Integration. In addition, the department already has several key actions in place, led by the Chief Information Officer (CIO), to improve its performance in delivering major digital programmes which includes updated programme management standards, engagement with relevant programme staff to embed these practices and have implemented an upskilling programme across the service delivery teams.

4.3 The department is also implementing a service-based delivery model, this is on track to be delivered and transitioned to business as usual by end March 2024. The Service Executive Model (SEM) will reduce duplication, improve control over the work the department takes on and enhance delivery outcomes by introducing cross-functional delivery and management of services, and collaborative working practices across multiple delivery teams.

4b. PAC recommendation: When the Infrastructure and Projects Authority publishes its Annual Report in 2023, the department should provide us with the latest delivery confidence ratings for its digital major programmes and explain how and why they have changed.

4.4 The government agrees with the Committee's recommendation.

Recommendation implemented

4.5 The department wrote to the Committee on the 31st of August 2023 outlining the latest delivery confidence ratings for major digital programmes, with an explanation of how and why they have changed. Overall, the Infrastructure and Projects Authority (IPA) report published July 2023 stated that five of the department's major digital programmes have significant issues ('amber') and one, MODNET Evolve, reported 'red'. This is an overall improvement from the previous report.

4.6 MODNet EVOLVE continues to make good delivery progress across 3 of the 5 core elements. In line with IPA recommendations, some of the scope and resources from the New Style of IT Base (NSOIT (B)) programme have transferred to EVOLVE to enhance the management of project interdependencies, ensure project schedules are aligned and better exploit the available resources. In September 2023, the IPA reviewed and endorsed the departments readiness to close NSOIT(B). The IPA reviewed the delivery of programme benefits and were assured that robust learning from experience had taken place. The delivery of the Next Generation Communication Network remains challenging as the department works through the issues previously identified by the IPA. The department continues to address these issues.

4.7 The IPA continue to recognise the complexity and inherent risk within the major digital programmes that the department is delivering. However, it also recognises the significant improvements that have been made to how digital programmes are governed. Of note is an improved focus on risk and dependency management.

4.8 Resourcing remains a consistent challenge across all the department's digital programmes and while mitigations are in place, referred to in the response to recommendation 3 above, the department is now prioritising recruitment across Defence.

5. PAC conclusion: The department's budget is under considerable pressure, and this may make some planned, future digital activity unaffordable.

5. PAC recommendation: Following the next update to the Integrated Review, the department should write to us explaining whether planned and actual spend on digital has changed and whether it has enough funding to deliver the strategy.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The latest estimate of digital spend across the department is £4.6 billion in Financial Year 2023-24. This is an increase from £4.4 billion reported previously, which related to Financial Year 2022-23. The Defence Command Paper has reaffirmed the department's commitment to digital. The Digital Strategy Delivery Plan (DSDP) in turn outlines those core programmes that contribute to delivery of the strategy. While the department will need to keep under close review its financial position in light of inflation and cost pressures, the programmes that contribute to the DSDP are fully funded based on current plans and form part of the department's annual spending on digital.

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

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

6.1 The government agrees with the Committee's recommendation.

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

6.2 The department's digital strategy is in the process of being updated to reflect an increased delineation between build and exploit the Digital Backbone, coherent with the Defence Command paper published in July, and the Integrated Review. The revision is mature, but the intent is to wait to sequence publication to demonstrate and assure alignment with the revised Defence Plan and publication of the revised Defence Strategy.

6.3 The department's progress in delivering its strategic outcomes is being tracked and measured through the Digital Strategy Delivery Plan using metrics, outcomes and business intelligence. Further details the plan can be found in the response to recommendation 2.

6.4 Digital Exploitation for Defence (DX4D) is accelerating the exploitation of digital technology. The department's progress in delivering its strategic outcomes is being tracked and measured through the Digital Strategy Delivery Plan (DSDP) using metrics, outcomes and business intelligence (see recommendation 2). Both DX4D and the DSDP are providing invaluable evidence and input to ongoing department assumptions and will inform the next Integrated Review, reinforcing the importance of digital to the department.

Thirty-seventh Report of Session 2022-23

Department for Education

Support for vulnerable adolescents

Introduction from the Committee

There are approximately 7.3 million adolescents aged 9 to 19 years in England. Some adolescents are vulnerable to serious, adverse, avoidable outcomes, such as physical or mental harm (including exploitation), leading to entry to the care system; contact with the criminal justice system; periods of not being in education, employment or training, or severe mental health difficulties. Most adolescents do not experience adverse outcomes but when those that do are not identified and provided with effective and timely support the costs to the child and society are significant. The estimated lifetime social cost of adverse outcomes, for all children who have ever needed a social worker, is £23 billion a year. Universal services delivered by local organisations are the first line of public support, but for some adolescents with complex and overlapping needs this will not be enough and specific programmes will be needed to provide additional support to promote their welfare, help them achieve better life outcomes and avoid costly interventions and support later.

Several government departments have lead policy responsibilities that aim to address the challenges facing vulnerable adolescents and those around them, for which they fund specific programmes to be delivered by local bodies. Because of the complexity and variety of the challenges involved, departments do not treat vulnerable adolescents as one group with a single, specific cross-government policy programme

Relevant reports

- NAO report: Support for vulnerable adolescents – Session 2022-23 (HC 800)
- PAC report: Support for vulnerable adolescents – Session 2022-23 (HC 730)
- Treasury minutes: May 2023 (CP 845)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 845 above), the remaining recommendation is updated below.

6: PAC conclusion: The Ministry of Justice and Home Office seem to lack curiosity about the increase in the proportion of children from ethnic minority background in youth custody and appear to have no current plan to address the situation.

6: PAC recommendation: Ministry of Justice and Home Office should report back within six months on what they understand about 'what works', and what action they will take to understand why ethnic minority children make up over half of all children in custody. They should also set out how they will use the understanding to address the issues.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The Ministry of Justice and Home Office wrote to the Committee on 15 September with an analysis of the issue and the steps that the government is taking to address the over-representation of ethnic minority children in custody.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 845 above), the remaining recommendations are 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.

Target implementation date: Spring 2024

2.2 The assumptions behind the Elective Recovery Plan were agreed between Government and the NHS. The NHS continues to make progress on the targets set out in the Delivery Plan for tackling the COVID-19 backlog of elective care. The ongoing industrial action has had an impact on delivery this summer, with almost 400,000 appointments having to be rescheduled during June, July and August 2023, with strike action from junior doctors and consultants, as well as dentists and radiographers.

2.3 In total, there have been more than 1 million appointments and procedures rescheduled, though the true impact is likely to be much higher as many services have had to avoid scheduling planned appointments for strike days in order to prioritise emergency care. Despite this disruption, NHS staff have continued to make progress to bring down the longest waits for patients.

2.4 Waits of more than 65 weeks stood at 109,523 in August, which is down 53% on the peak of 233,051 in June 2021, and down from 156,985 in August 2022.

2.5 The latest figures also show an improvement in average waits for elective care, with the median wait for those completing admitted treatment 11.2 weeks in August 2023, and the median wait for those completing non-admitted elective care down to 8.2 weeks in August.

2.6 Progress has continued against the cancer 62-day backlog target which has reduced. The backlog was 21,118 in July which is 9,296 lower than the same period in the last year. Faster Diagnosis Standard performance was also improved at 71.6% in August (2.1% higher than the same month last year), meaning we remain on track for the March 2024 target of 75%. Levels of first treatment activity were above both last year and the pre-pandemic levels, in spite of the impact of industrial action.

2.7 Government and NHS England announced in August 2023 that the existing cancer standards would be focussed down from ten to three, covering the same patients, and that – were the backlog reduced to the same proportion of the waiting list as pre-pandemic by the end of the year – the NHS would then shift back to a focus on these three standards in 2024/25 as its cancer performance priorities. This will ensure that cancer waiting times standards are appropriately aligned with modern clinical practice and take into account the recommendation of the 2015 Independent Cancer Taskforce to remove the two-week wait standard (an outpatient appointment or diagnostic within two weeks of referral) in favour of the Faster Diagnosis Standard (75% of patients should not wait more than 28 days from referral to diagnosis).

5. PAC conclusion: NHSE started 2022–23 with a strategy but spent most of the year dealing with tactical issues and its strategic and programme management of the recovery must improve.

5. PAC recommendation: NHS England must lift its sights and refocus on its strategic duty to offer direction to the whole NHS. This should involve making difficult trade-offs to address historical inequalities between areas, and by having a clear set of actions to improve leadership. To demonstrate progress, NHS England should write to us by the Summer recess setting out the action is has taken to address variation in elective and cancer performance and provide evidence of the impact this has had on patient waiting lists.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 NHS England's Chief Executive Officer wrote to the Chair of the Public Accounts Committee in July 2023, to set out the action taken to address variation in elective and cancer performance and provide evidence of the impact this has had on patient waiting lists.

5.3 This letter set out how NHS England is providing targeted support to Tiered providers; targeted capital Investment; sharing best practice and a focus on health inequalities. These actions, taken together, should result in the reduction of variation across both the country and particular cohorts of patients.

6. PAC conclusion: The NHS's recovery cannot succeed without comprehensive, realistic and sustainable plans for the future of the workforce and the capacity of adult social care.

6b. PAC recommendation: The Department should publish the underlying assumptions of its workforce projections alongside the forecasts in the workforce plan. This should include quantification of key assumptions, particularly on productivity, domestic training and overseas recruitment and, in full, the independent reviewer's assessment.

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

Recommendation implemented

6.2 The NHS Long Term Workforce Plan was published on 30 June 2023 setting out the underlying assumptions of the NHS's workforce projections alongside forecasts. This included quantification of key assumptions around productivity, training and overseas recruitment. The National Audit Office's (NAO) independent review of models supporting the NHS Long Term Workforce Plan is underway, and the NAO intends to publish its conclusions in Spring 2024.

Fortieth Report of Session 2022-23

HM Revenue and Customs & HM Treasury

COVID employment support schemes

Introduction from the Committee

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

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

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

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 845 above), the remaining recommendations are updated below.

1: PAC conclusion: The Departments do not have a good enough understanding of the impacts of the £97 billion of taxpayers' money they spent on the COVID-19 employment support schemes.

1a: PAC recommendation: The Departments should, by December 2023, publish their final evaluations of CJRS and SEISS, which should cover their wider impacts including on business and people who were ineligible, economic inactivity amongst the over 50s, second jobs for furloughed staff and consequences of support for those not adversely affected by the pandemic.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 HM Treasury (HMT) and HM Revenue and Customs (HMRC) published the Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS) final evaluations on 17 July 2023. The evaluations provide transparency and support accountability around decision-making and the spending of public money. The findings are generally positive and demonstrate that the highly successful delivery of the schemes protected millions of jobs, supported the self-employed, and struck the right balance between quick action and managing the risk of fraud. The evaluations show that the schemes were good value for money.

1.3 Full details of the impacts can be found in the published evaluations. The headlines were drawn out in the letter from the two departments to the Committee of 27 July 2023. Both the evaluations and letter cover the wider impact of the schemes, the impact of the eligibility rules on economic inactivity for the over-50s and second jobs for furloughed staff.

1b: PAC recommendation: The Departments should, by December 2023, work with other relevant countries to develop a better understanding of how UK unemployment support schemes and those in other comparable countries compare and publish the results.

1.4 The government agrees with the Committee's recommendation.

Recommendation implemented

1.5 HMT and HMRC will continue their engagements with other relevant countries, to understand their experiences and the impacts of implementing similar employment support schemes. Where applicable, comparative evidence was included in section 7.3.7 of the CJRS final evaluation and section 4.7 of the SEISS final evaluation.

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

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

3.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2024

3.2 As planned, the Taxpayer Protection Taskforce closed at the end of September 2023, with COVID-19 scheme compliance activity now carried out alongside business-as-usual tax compliance work. In doing this, COVID-19 scheme risks can be reviewed alongside other risks, enabling HMRC to deal holistically and efficiently with all aspects of a customer's potential non-compliance.

3.3 HMRC have agreed with the National Audit Office to provide a study on compliance pertaining to the "working while claiming" (WWC) risk in early 2024. This study will focus on how HMRC establishes the WWC risk, how these risks are addressed (using civil and criminal powers, HMRC's caseworker guidance etc) and what insights HMRC has received from customer interaction and the ongoing work to combat this risk.

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

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

4.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2024

4.2 As planned, the Taxpayer Protection Taskforce closed at the end of September 2023, with COVID-19 scheme compliance activity now carried out alongside business-as-usual tax compliance work. HMRC remains committed to tackling error and fraud in the COVID-19 support schemes where this is the most cost-effective use of resources. Keeping the Taxpayer Protection Taskforce operational beyond September 2023 would not have provided the best value for the taxpayer. HMRC can get a better rate of return from that resource by deploying it on wider compliance risks, including, but not restricted to, COVID-19 support scheme risks. HMRC will continue to prioritise the most serious cases of abuse in the COVID-19 schemes it administered.

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

4.3 The government agrees with the Committee's recommendation.

Target implementation date: July 2024

4.4 Beyond September 2023, HMRC will continue to collect performance metrics on compliance activity in the COVID-19 schemes. HMRC published compliance outcomes in the Annual Report and Accounts 2022 to 2023. For financial year 2023-24, HMRC will again publish COVID-19 compliance recoveries in the Annual Report and Accounts 2023 to 2024, covering the period up to the end of the Taxpayer Protection Taskforce. For future years, reporting will be in line with HM Treasury reporting requirements.

6: PAC conclusion: The Departments have yet to fully capture the lessons that must be learnt from the employment support schemes to inform future large-scale government financial interventions.

6: PAC recommendation: The Departments should, by December 2023, publish the lessons that can be learned from the schemes for large-scale financial interventions in the future, and what actions they will take as a result.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 Lessons learned from the CJRS and the SEISS were included in the final evaluations, published by HMT and HMRC on 17 July 2023 (CJRS final evaluation and SEISS final evaluation).

6.3 HMT and HMRC continue to update CJRS and SEISS playbooks as needed. This will allow for the rapid deployment of new employment and income support schemes in the future, if required – though this will depend on the circumstances of the economic shock the country is facing at the time, and decisions will be for Ministers at the time to make.

6.4 Since the publication of the consultation document 'Improving the data HMRC collects from its customers' in July 2022, HMRC has been working to implement three specific measures, including through publication of the government response in April 2023 and draft Finance Bill legislation in July for further technical consultation. The objective of this measure is to improve the quality of the data collected by HMRC to provide better outcomes for taxpayers and businesses, as well as improving compliance, resulting in a more resilient tax system. The additional data HMRC will collect is in areas where taxpayers already hold the data.

Forty-first Report of Session 2022-23

Department for Transport

Driving licence backlogs at the DVLA

Introduction from the Committee

The Driver & Vehicle Licensing Agency (DVLA) is an executive agency of the Department for Transport (the Department). It runs several services on behalf of the Department, including maintaining around 50 million driver records in Great Britain and 40 million vehicle records in the UK. It operates on a large scale – of 135.2 million customer transactions the DVLA completed in 2021–22, 16.6 million (12%) related to drivers, and 118.6 million (88%) related to vehicles. The DVLA processes driving licence applications from new drivers and renews drivers' existing licences when they expire or when drivers' circumstances change, including assessing whether drivers who notify it of certain medical conditions should continue to hold a driving licence. An increasing proportion of applications for driving licences are made online, but DVLA still processes a significant amount of physical paper applications: 31% of driver-related transactions in 2021–22 were completed fully or partially on paper, including most medical licence applications. DVLA staff input information from paper-based applications onto its systems and issue letters to the applicants and other parties to request information required to make licensing decisions. The COVID-19 restrictions introduced in March 2020 meant that most of the DVLA's staff could not work at its site in Swansea, affecting DVLA's ability to process applications. Since then, DVLA has taken longer than usual to process driving licence applications from customers applying with paper documents or informing it about medical conditions, leading to backlogs developing. Calls to DVLA from customers making enquiries increased greatly, and the volume of complaints also increased.

Relevant reports

- NAO report: Investigation into the management of backlogs in driving licence applications – Session 2022-23 (HC 851)
- PAC report: Driving licence backlogs at the DVLA – Session 2022-23 (HC 735)
- Treasury Minute: May 2023 (CP 845)
- Correspondence: 27 July 23
- Correspondence: 18 September 23

Update to the Government response to the Committee

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

3. PAC conclusion: The DVLA's efforts to encourage customers who can use online services to do so are not sufficient

3a. PAC recommendation: The Department and the DVLA should consider what more they can do to increase take-up of the DVLA's online services:

- ***They should understand better why some customers have chosen not to engage with online services.***
- ***They should incentivise customers to use digital services and discourage people who can apply online from sending paper applications***

3.1 The government agrees with the Committee's recommendations.

Recommendation implemented

3.2 The number of customers using DVLA's digital services continues to increase with more than 83% of transactions completed online in 2022-23, up from 74% pre-pandemic. The DVLA continues to seek new ways to drive up use of its online channels even further. In August, the DVLA launched its new Driver and Vehicles account which allows motorists to easily access their driver and vehicle information in one place. Further details on how recommendation 3a was addressed can be found in the letter to the Chair of the Committee of 18 September.

3b. PAC recommendation: The Department should, in its Treasury Minute response to this report, set out its plans to hold the DVLA to account for increased take-up of online services.

3.3 The government agrees with the Committee's recommendation.

Recommendation implemented

3.4 The department carries out a Quarterly Performance Review of agency performance across the board, including consideration of delivery against key performance indicators set out in the DVLA's business plan. The department also has an additional quarterly review on progress on digital programmes specifically. Recommendation 3b was addressed on 18 September via letter to the Chair of the Public Accounts Committee.

4. PAC conclusion: The DVLA gave insufficient attention to those driving licence service areas, such as medical notifications and its call centre, where staffing challenges led to the most detrimental consequences for customers

4a. PAC recommendation: The DVLA should write to us within six months to share an improved contingency plan.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The DVLA holds a suite of specific whole agency Business Continuity Plans, underpinned by local Business Continuity Plans and Business Impact Analyses developed at an operational business team level. Further details of these can be found in the letter of 18 September to the Committee.

4b. PAC recommendation: The DVLA and the Department should also jointly write to us, at the same time or earlier, to set out lessons learned from the driving licence backlogs saga and how they are responding to the lessons

4.3 The government agrees with the Committee's recommendation.

Recommendation implemented

4.4 The department and the DVLA conducted an initial lesson learned exercise in 2020 and the DVLA continued to implement learning and update contingency plans accordingly throughout the pandemic. A summary of the lessons learned over the last three years was attached to the letter of 18 September to the Chair of the Committee

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)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 847 above), the remaining recommendations are updated below.

3. PAC conclusion: The Department and providers are not working together and sharing information as effectively as they might to support participants into work.

3b. PAC recommendation: The Department should undertake a review into how frequently participants are required to attend jobcentres while they are on Restart, to ensure attendance requirements on participants achieve the maximum value for money.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The Department for Work and Pensions implemented a policy change in August 2023 to reduce the level of contact jobcentre work coaches have with Universal Credit (UC) Intensive Work Search (IWS) claimants participating in contracted employment provision, including the Restart Scheme.

3.3 The department has assessed that reducing work search review appointments with work coaches from fortnightly to monthly, is likely to have minimal impact on participant outcomes as much of what would be covered in a work search review is covered in meetings with the provider.

3.4 The department will compare participant outcomes achieved before and after the policy change, together with wider evaluation findings to review the effect of the policy change.

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

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

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

5.2 Prime providers now report, using a simple monthly return, which subcontractor each participant is assigned to.

5.3 The department is producing the relevant Management Information (MI) centrally, ensuring the methodology is aligned with their current suite of Contract Package Area (CPA) MI which includes metrics on: Starts on scheme, First Earnings and Job Outcomes.

5.4 The subcontractor MI for each CPA is circulated to all prime providers monthly, along with the current suite of MI, for complete transparency, and to facilitate the sharing of best practice. Subcontractor MI has also been shared with the department's evaluation team to be used as part of their activity.

5.5 Prime providers have been encouraged, through Provider Forums, to discuss subcontractor performance and share good practice.

5.6 The department will evaluate the usefulness of both the MI and provider feedback and there may be opportunities to build further on the National Audit Office's and the Committee's recommendations to create more robust MI to increase transparency.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 847 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 government is developing a new National Anti-Fraud campaign due to launch in early 2024. The objective of the campaign is to drive behaviour change and encourage people to take actions to protect themselves from fraud.

2.3 There has been extensive stakeholder engagement as we have developed the materials for the campaign. This included representatives from the banking and technology sector as well as victim support organisations and academics. There has also been extensive testing with the general public.

2.4 The aspiration for the campaign is to highlight the problem of fraud, help people to protect themselves from it and to declutter the communications landscape.

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.

Target implementation date: Spring 2024

3.2 Since the last update to the Committee, City of London Police have produced detailed implementation plans with the commercial suppliers for delivery in 2024 and continue to focus on developing the branding options and the comms campaign for the launch. The new service, which is built on "trauma informed design", aims to engage victims, provide responsive protect advice and be far more responsive in what Policing does to progress the case, achieve outcomes and use the information to advise the public and disrupt fraudsters.

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

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

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Ongoing until Spring 2025

4.2 Since the last update to the Committee, law enforcement partners continue to make steady progress in the recruitment and training of the new specialist officers for the National Fraud Squad and are on track to recruit 400 posts by Spring 2025.

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

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 (5.3 - independent review): Autumn 2024
Target implementation date (5.4 - Guidance on Failure to Prevent Fraud offence): Spring 2025

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

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

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

5.4 Following recommendations by the Law Commission, it also includes a new corporate criminal offence of failure to prevent fraud. Under the new offence, an organisation will be liable where a specified fraud offence is committed by an employee or agent, for the organisation's benefit, and the organisation did not have reasonable fraud prevention procedures in place. It does not need to be demonstrated that company managers ordered or knew about the fraud.

5.5 This new offence will discourage organisations from turning a blind eye to fraud by employees which may benefit them. The offence will encourage more companies to implement or improve prevention procedures, driving a major shift in corporate culture to help reduce fraud. The government is currently working with stakeholders to develop guidance for this new offence, which will come into effect once the guidance is published and any implementation period is complete.

5.6 A further Law Commission recommendation is also addressed in the Bill. Reforms to the Identification Doctrine formulates in legislation a legal test to attribute acts of criminal conduct to corporates as entities in their own right. The legislation will hold a corporate liable in their own right where a senior manager (defined using the Corporate Manslaughter and Corporate Homicide Act 2007) commits an economic crime offence.

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

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

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Ongoing until Spring 2025

6.2 The government has introduced a measure in the Financial Services and Markets Act to allow the PSR to mandate reimbursement to fraud victims, which will come into force in 2024. The government will continue to work on a proposed Insurance Charter which will increase focus on fraud committed in the insurance sector to help reduce insurance fraud by early 2024.

6.3 The Online Safety Act (OSA) gained Royal Assent on 26 October 2023. The Act designates fraud as a priority offence, meaning in-scope companies will need to tackle all fraudulent content on their platform that is 'user-generated'. In addition, the inclusion of the fraudulent advertising duty will require in-scope companies to do more to stop fraudulent advertising appearing on their platforms. Unauthorised crypto promotions will be covered under both measures. As a result, the OSA is expected to significantly disrupt the exploitation of social media platforms by fraudsters.

6.4 Alongside the OSA, the Prime Minister's Anti-Fraud Champion, has been leading the government's work to create the Online Fraud Charter. This is a voluntary agreement with the largest companies in the tech sector, to deliver a much quicker and more targeted response than regulation.

6.5 The department believe that, once agreed, the Charter will meet the government's original ambition, set out in the Fraud Strategy, to deliver a series urgent and positive measures to protect the UK public from falling victim to fraudsters.

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

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

7.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

7.2 The department is considering how it can work internationally and across sectors to protect the public against emerging AI-enabled fraud capabilities that have the potential to make it harder for the public to spot and guard against fraud. These capabilities present opportunities for criminals and the department is already seeing fraudsters use AI.

7.3 On the eve of the AI Safety Summit (31 October 2023), the Security Minister hosted a Fraud Event in partnership with the Royal United Service Institute, bringing together a range of diverse stakeholders including international representatives, financial and tech industries, law enforcement, academia and civil society. Discussions covered fraud risks, mitigations and opportunities and will help inform the department's overall policy approach on tackling AI enabled fraud in collaboration with our partners across borders and sectors.

7.4 At this event, the Security Minister formally launched the Global Fraud Summit which the Home Secretary will host in London in March 2024. The Summit will invite political leaders, law enforcement and key industries to raise the political profile of fraud and strengthen international collaboration and action to dismantle fraud networks.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report, (CP 847 above) the remaining recommendations are updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

Target implementation date: 2024

3.2 The OECD published an update on the Pillar One timetable on 11 July 2023.

3.3 The substantially agreed text of the multilateral convention (MLC) for Amount A of Pillar One was published on 11 October 2023. The published text reflects the current consensus among members of the OECD/G20 Inclusive Framework on Amount A of Pillar One and its publication demonstrates the substantial progress made towards reaching a multilateral solution in line with the OECD IF-G20 agreement. The draft MLC does note different views on a handful of specific items by a small number of jurisdictions. The OECD notes that these jurisdictions are constructively engaged in resolving these differences. The UK stands ready to sign and implement the MLC when finalised, but in the meantime, the Digital Services Tax (DST) introduced in 2020 will remain in place.

3.4 Once the MLC is agreed and signed, Parliament will be able to scrutinise this agreement through the normal Parliamentary procedures governing the UK's ratification and implementation of Amount A.

3.5 Amount B of Pillar One is expected to be incorporated into updated Transfer Pricing Guidelines. The Amount B guidelines will be published in 2024. Typically, changes to the Transfer Pricing Guidelines are adopted by ensuring that the UK's domestic legislation refers to the most recent version of those guidelines, done by order of the Treasury. However, depending on the eventual form of the changes (still under development), this may not be sufficient, and the UK may require further changes to legislation to implement Amount B of Pillar One.

3.6 The target implementation for this recommendation is subject to progress on the international negotiations. HMRC and HM Treasury will continue to update the Committee with progress.

4: PAC conclusion: HM Treasury and HMRC have a vital role in ensuring that the multilateral assurance framework for Pillar One and Pillar Two of the OECD reforms will meet Parliament's desire for accountability and transparency.

4a: PAC recommendation: HM Treasury and HMRC should:

- ***alongside the Treasury Minute response to this report, write to the Committee setting out their objectives for the development of the multilateral administrative framework, including audit arrangements.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Unlike Pillar One, which is underpinned by a multilateral convention, Pillar Two may be implemented unilaterally in line with OECD Model Rules but with some multilateral aspects such as a standard template information return which can be exchanged between jurisdictions. The government has legislated in Finance (No. 2) Act 2023 to implement Pillar Two rules and published further legislation on 18 July and 27 September 2023.

4.3 HM Treasury and HMRC wrote to the Committee on 22 June 2023 setting out the UK's objectives for the multilateral administrative framework, including audit arrangements.

5: PAC conclusion: There is a significant risk that the Digital Services Tax may require extension beyond its intended lifespan, and that this could prompt changes in taxpayer behaviour.

5: PAC recommendation: Ahead of the formal requirement to review the tax in 2025, HMRC should develop a contingency plan for what happens if the Digital Services Tax needs to be extended, including a robust process for addressing non-cooperation with its compliance regime.

5.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

5.2 HMRC has a dedicated DST compliance team working collaboratively with groups to understand their relevant online services and methodologies to identify ‘UK Users’. Where HMRC disagrees with a group’s position, appropriate compliance activity is undertaken. This approach will continue if DST is in force longer than anticipated, and HMRC has recently enhanced its operating procedures, including making contingency plans for groups without a physical presence in the UK. To date, HMRC’s experience is that groups have sought to comply with the rules.

Forty-fifth Report of Session 2022-23

Department for Business and Trade

Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021-22

Introduction from the Committee

In October 2022 the Department for Business, Energy & Industrial Strategy (the Department) published its most recent annual report and accounts, for the accounting period 2021–22. It reported nearly £139 billion of net expenditure (2020–21: £52 billion) and more than £273 billion of net liabilities (2020–21: £164 billion).

The Department works with 43 other public bodies in its group that it refers to as partner organisations, such as the British Business Bank. Together, these span a wide range of sectors, policy responsibilities and operations. Key activities and expenditure during 2021–22 included continuing to provide financial assistance to businesses impacted by the COVID-19 pandemic. The Department was responsible for government's business support grant schemes that provided local authorities with nearly £25 billion of COVID-19 grant funding to allocate to eligible businesses since March 2020. Furthermore, the Department provided more than £38 billion for the Bounce Back Loans Scheme, operated by the British Business Bank through commercial lenders, since April 2020. Together these business support schemes were intended to limit damage to businesses and the economy caused by the pandemic.

Material levels of fraud and error in COVID-19 business support grants and loans led the Comptroller and Auditor General to qualify his opinion on regularity in 2020–21. In 2021–22 he did not qualify his opinion, noting that the Department had refined its fraud and error estimates. Nevertheless, the Department estimates fraud and error in the early business support grants to be £985 million (8.4%) and the Bounce Back Loans Scheme to be £1,120 million (8%).

Following the recent Machinery of Government changes, we will expect the conclusions and recommendations made in this report to be addressed by the relevant new Departments.

Relevant reports

- PAC report: Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021-22 – Session 2022-23 (HC 1254)
- Treasury Minutes: June 2023 (CP 847)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 847 above), the remaining recommendations are updated below.

1. PAC conclusion: The Department does not expect to recoup the majority of the estimated £985m of local authority grant payments made, mainly in error, in the first wave of Covid support schemes.

1. PAC recommendation: The Department, alongside its Treasury Minute response, should write to the Committee to quantify its latest estimates of fraud and error in each of the COVID-19 grant schemes and explain its justification where it is not seeking to pursue recoveries from businesses.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The government set out the position to the Committee at the time of the hearing in relation to the Local Authority COVID-19 schemes which took place on 11 May 2023, following the report by the National Audit Office.

1.3 The Department for Business and Trade (DBT) subsequently wrote to the Committee on 30 October 2023 to quantify its latest estimates of fraud and error.

1.4 DBT asked one of its Non-Executive Directors to undertake a review of assurance, reconciliation, and recovery activity in relation to irregular payments, which was completed over the summer. This review focused on debt recovery and ways it could be expedited to maximise return of funds. All recommendations have been considered and addressed. DBT has taken steps to speed up processing of debt referrals, utilising digital checks on a real time basis to identify if a business is still trading and its likely ability to repay any debt. The process enables DBT to focus recovery action and move resource away from debts where further action is likely to be unsuccessful, such as where:

- the business has ceased trading, with no residual assets;
- the business is in administration but has no assets to repay unsecured creditors; or
- recovery is poor VFM (the cost of litigation action is higher than the debt); or
- the chances of recovery are considered very low.

2. PAC conclusion: The Department's lack of curiosity surrounding lenders' performance in the Bounce Back Loan Scheme increases the risk of losses for the taxpayer.

2. PAC recommendation:

- ***The Department should set out what more it will do to identify the reasons for variances in scheme performance and encourage all lenders to reach an optimal level of performance. This is likely to include establishing the full extent of information held by lenders.***
- ***The Department should make data collection and sharing explicit within initial agreements when setting up future lending schemes.***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 As DBT set out in its letter to the Committee in July 2023, the government recognises that driving positive lender behaviour is an important tool to mitigate the risk of avoidable losses to the public purse and encourage all lenders to reach an optimal level of performance in line with their obligations under the Guarantee Agreements.

2.3 The Lender Performance Advisory Board (the Board) provides oversight and strategic advice to the British Business Bank (BBB) on lender performance management, supports the escalation of issues, assists with cross-Whitehall coordination, and considers what action can be taken to minimise losses, in the Covid Debt Schemes in general and the Bounce Back Loan Scheme in particular.

2.4 There are suitable and proportionate processes and controls in place to ensure DBT receives relevant lender data, which are discussed monthly via the Lender Dashboard at the

Board. DBT constantly reviews the data it receives and its impact on the government's ability to identify areas for challenge, particularly identifying gaps for further discussions with lenders.

2.5 DBT has already begun to embed data collection into future schemes. The development of the BBB lender portal provides a template for which facility-level data lenders should collect and how to share it with government. DBT is also engaging with BBB to enhance data sharing and reporting with a view to reducing future fraud risks and will continue to explore opportunities to better define which data lenders can reasonably be expected to provide on a standardised basis.

Forty-seventh Report of Session 2022-23

Home Office

Investigation into the UK passport office

Introduction from the Committee

Since October 2014, His Majesty's Passport Office (HMPO) has been part of the Home Office (the Department), within the Passports, Citizenship and Civil Registration directorate. HMPO is responsible for providing passport services to British citizens living in the UK and overseas, as well as administering civil registration in England and Wales. HMPO manages the end-to-end passport processing services and approves all applications, but parts of the process are contracted out to third-parties. In September 2022, HMPO employed around 4,700 full-time equivalent staff. In 2015, HMPO began its digital transformation programme, with the aim to replace its paper-based system with a digital system. The programme was expected to be complete by the end of March 2022, however, full delivery is now expected in the 2025–26 financial year.

HMPO typically receives around seven million passport applications every year, and in the years before the COVID-19 pandemic, demand for passports was predictable. In 2020 and 2021, however, the demand for passports reduced significantly, as people delayed renewing or applying for new passports due to travel restrictions introduced to manage the pandemic. HMPO estimated that around five million people delayed applying for passports during the COVID-19 pandemic, and that these applications would return once travel restrictions were lifted. It forecast that it would receive 9.5 million passport applications in 2022, around 36% more than in a typical year.

The UK removed COVID-19 travel restrictions in early 2022, and passport applications began to increase. Between January and September 2022, HMPO received 7.2 million passport applications, a 24% increase compared to the same period in 2019. HMPO staff processed record numbers of applications and about 95% of applicants received their passports within HMPO's 10-week timeframe. But some 360,000 applicants experienced unacceptable delays that affected their travel plans and their ability to prove their identity.

Relevant reports

- NAO report: Investigation into the Performance of HM Passport Office – Session 2022-23 (HC 949)
- PAC report: Investigation into the UK Passport Office – Session 2022-23 (HC 738)
- June 2023 Treasury Minutes – Session 2022-23 (CP 847)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 847 above), the remaining recommendations are updated below.

1. PAC conclusion: While we commend the efforts of its staff, HMPO delivered an unacceptable level of service to many of its customers in 2022.

1b. PAC recommendation: The Department should report back to us within six months detailing how effective the actions above have proved in maintaining an acceptable level of service in HMPO.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The issues experienced in the early part of 2022 are fully resolved.

1.3 Between April 2021 and September 2022, passport customers were advised to allow ten weeks to get their passport. In 2022, 95.4% of standard passport applications from the UK were processed within ten weeks.

1.4 Process improvements, further development of digital systems, better access to flexible resources, and the addition of a second supplier of customer contact services, have contributed towards HMPO successfully processing 99.3% of standard UK applications within ten weeks in 2023, to date.

1.5 Where no further information has been requested from the customer, 99% have been issued within three weeks in 2023, to date.

1.6 In light of these improvements, a formal performance indicator was introduced on 1 October 2023 to state that a minimum of 98.5% of standard UK passport applications, where no further information is required, will be processed within three weeks. This is an ambitious target, that allows for future surges in demand and reflects the long-term confidence in continuing to process passports quickly. HMPO has also updated its processing time guidance to advise that, where no further information is required, customers can expect to receive their passport within three weeks.

Forty-eighth Report of Session 2022-23

The Ministry of Defence

MoD Equipment Plan 2022 - 2032

Introduction from the Committee

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

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

Relevant reports

- NAO report: The Equipment Plan 2022 to 2032 – Session 2022-23 (HC 907)
- PAC report: MoD Equipment Plan 2022 - 2032 – Session 2022-23 (HC 731)
- Defence and Security Industrial Strategy: A strategic approach to the UK's defence and security industrial sectors March 2021 (CP 410)
- Defence Command Paper 2023: Defence's response to a more contested and volatile world: July 2023 (CP 901)
- It is broke and it's time to fix it: The UK's defence procurement system: Session 2022-33 (HC 1099)
- Treasury Minute: July 2023 (CP 902)

Update to the Government response to the Committee.

Following the government's last response to the Committee on this report (CP 902 above), the remaining recommendations are updated below.

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

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

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2023

2.2 The Ministry of Defence, (the department) worked with HM Treasury to set out the implications of the Defence Command Paper Refresh ,which was published in July 2023, including any specific commitments ahead of its publication. The department will continue to work with HM Treasury as it continues to develop its plans in response to the priorities set out in the Integrated Review Refresh.

2.3 On 21 July 2023 the department wrote to the Committee to explain that an update on the equipment plan would be provided but not a full report. The details of the implications for the equipment plan will be explained in a letter to the Committee in December 2023 alongside the publication of the NAO annual report into the equipment plan 2023-2033.

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

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

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

Target implementation date: December 2023

3.2 The department recognises the need to balance risk with the speed of capability delivery. Accepting that it has not bought major projects, the experience of procuring equipment for Ukraine has shown what can be achieved with increased risk appetite and when pace is prioritised. There may be scope to take more risk to get capability into the hands of the user more quickly; however, this will not be appropriate in every case and needs to be carefully considered and the additional risk carefully managed.

3.3 The department wrote to the Committee alongside the previous Treasury Minutes response on 21 July 2023 to explain that it has an ambitious reform agenda for its system for delivering major equipment capabilities.

3.4 The department will explain the implications for Army's forward equipment programme in an update letter to the Committee, alongside the NAO's annual report into the equipment plan 2023-2032 in December 2023.

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

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

4.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

4.2 Forecasting across ten-years is inherently uncertain. In a complex plan with many large programmes, forecasts change as delivery schedules and cost estimates mature. Improving forecasting can help to reduce this risk, but the department's plans need to be flexible to adapt to change.

4.3 The equipment plan report includes an upper and lower cost estimate for the ten-year plan based on uncertainty in key variables such as savings and efficiencies assumptions. To inform the costing ranges, the department carries out a rigorous annual process to review and challenge delivery teams' costings through an independent assessment by the Cost Assurance and Analysis Service.

4.4 The department will provide an assessment of the key sources of uncertainty and risk in the forward plan in a letter to the Committee in December 2023 alongside the publication of the NAO annual report into the equipment plan 2023-2033

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

5a. PAC recommendation: After the Integrated Review refresh, the Department must urgently reassess the affordability of its equipment procurement and support programmes.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department has concluded its annual financial planning process and updated its assessment of the affordability of the Defence programme, which will be reflected in an update letter to the Committee in December 2023 alongside the NAO equipment plan report 2023-2033.

5.3 The government announced an additional £5 billion for defence in the remaining two years of the 2020 Spending Review settlement at the 2023 Spring Budget, but the department still faces financial pressures and is continuing to work to adjust its plans to balance the department's objectives and outputs with the funding available to it.

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

5.4 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

5.5 The department reviews its savings assumptions regularly through its annual financial planning processes and has placed significant emphasis on its efficiency programme in recent years to ensure savings are delivered, and that there is a pipeline of future initiatives in place. The equipment plan report data shows the level of savings assumed in each of the ten years of the forward programme. Achieving the savings assumed against the planned schedule is important to ensure the affordability of the plan.

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

5.6 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

5.7 The department reviews its contingency funding each year through its annual financial planning process. The update letter to the Committee on the equipment plan, alongside the NAO annual report into the equipment plan report 2023-2033 in December 2023, will include commentary on the key risks to the affordability of the plan and the approach to managing the department's contingency.

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

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

6.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

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

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

6.4 The department is also considering the recommendations made in this area by the House of Commons Defence Committee report of 16 July 2023 and will provide a response on the implications of the Defence Command Paper, the recommendations of the House of Commons Defence Committee report and the Sheldon Review of Ajax, as well as progress on its end-to-end Defence Design Operating Model work.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 902 above), the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2024

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

1.3 HMRC has received correspondence from the Chair of the Committee pertaining to this recommendation and the department will be replying in due course.

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

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

2.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2024

2.2 HMRC has commenced work to understand the deterrent effect of criminal investigations resulting in prosecutions. The data to support this work is currently being collected for use by HMRC's specialist analysis function.

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

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

5.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2024

5.2 HMRC has developed an alternative sample design for the Tax Settlements Assurance Programme (TSAP) to allow a better estimation of the level of error in the compliance yield measure. This would involve sampling more of the largest settlements and fewer of the smallest settlements. HMRC has developed a proposal for refreshing the assurance of casework model to assess the implications of changing the sample design of TSAP. This includes the impact on reporting casework compliance, frequency of sampling and aligning the sample with cases settled in a financial year rather than a calendar year. HMRC are assessing the impacts of any changes before making a decision on implementation.

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

5.3 The government agrees with the Committee's recommendation.

Target implementation date: March 2024

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

Fiftieth Report of Session 2022-23

Cabinet Office

Government Shared Services

Introduction from the Committee

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

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

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 902 above), the remaining recommendations are updated below.

1. PAC conclusion: The Cabinet Office does not have any contingency plans should the current strategy encounter problems.

1. PAC recommendation: The Cabinet Office should develop a set of contingency plans for implementation should the current strategy encounter problems. It should report back to us in six months setting out what these plans are.

1.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 Since the department's last update to the Committee, contingency planning work has been ramped up. Central teams have marked out 11 different scenarios that could negatively impact the delivery of the Strategy with the relevant mitigations. These scenarios include (but are not limited to): funding, structural departmental changes, market capability, time delays, correct data standards and resourcing. Analysis of the 11 scenarios has been undertaken with contingency planning documentation implemented end of November 2023. This work has been linked with the work ongoing within the Enterprise Portfolio, with alerts if milestones would be impacted if a particular scenario was triggered.

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

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

2.1 The government agrees with the Committee's recommendation.

Target implementation date: May 2024

2.2 Although the government agrees with the Committee's recommendation, it cannot enter into the blanket future commitment required in the second part of the recommendation, as judgements will be needed in such cases about what is appropriate, useful and achievable.

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

2.4 Since the last update to the Committee there has been significant progress on the updated Case for Change, with a view of presenting a unified and more detailed view on costs, benefits and implementation plans.

2.5 A first draft version of the updated Case for Change has now been created, which takes relevant key areas of a green book business case and includes them in annexes.

2.6 At this stage, the final figures from Cluster business cases are expected in April 2024 to update the relevant sections in the Case for Change. Feedback has been provided on the first draft from the Infrastructure and Projects Authority (IPA) and HM Treasury (HMT).

3. PAC conclusion: Departments do not have the funding they need to deliver on their Shared Services Strategy.

3. PAC recommendation: In its six-month update, the Cabinet Office should set out what action has been taken to resolve both the short- and long-term funding uncertainties outlined above.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 There is knowledge and experience within the funding space. Previously, for the 2021 Spending Review an extensive bidding process was completed with three clusters (Synergy, Matrix and Unity) which resulted in the programme being granted £300 million in reserve funding. Work then began on initial business cases which resulted in approval and each cluster being granted initial funding of £126.58 million which has allowed the clusters to proceed through the Full Business Case (FBC) stage.

3.3 FBCs will contain Strategy whole life costs and work completed on the benefits framework will enable us to qualify the full value for money that the Strategy will deliver and this will assist in formulating 2024 Spending Review bids.

3.4 The best way to ensure that clusters are within the current funding allocated is for their business cases to be robust. In order to achieve this, the Government People Group (GPG) created the Business Case approvals group involving representatives from each of the approval bodies and meeting at regular intervals. Clusters feed information to the Group, in order to keep all parties involved informed of progress, to ensure that business cases pass through the approvals processes as smoothly and speedily as possible. This has proven to be a successful method thus far, with the Unity cluster business case being given HM Treasury approval at the end of September. The process was much shorter and more efficient than previous attempts.

4. PAC conclusion: The benefits of the strategy have not been properly quantified.

4. PAC recommendation: The Cabinet Office should develop a complete and consistent picture of the costs and benefits of the strategy. It should report progress to us in its six-month update, providing quantified potential efficiency savings.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Work was carried out at pace on developing a full cross-Strategy picture of benefits.

4.3 Ernst & Young (EY) produced a framework to ensure common understanding and classification of benefits as well as investigating expected benefits across the Strategy and where to go further in the future. A report from EY was produced, with a detailed feedback exercise on the report being carried out by the department.

4.4 The work with EY included developing tools to aid clusters map benefits in a consistent way. The report concluded that the Strategy was sound, with departments clustering together and the implementing of 5 shared service centres critical to realise a host of follow-on potential benefits.

4.5 The Benefits Framework tool produced defines a list of benefits by function/process area and maps these against the strategic objectives they support. The framework also overlays suggested Green Book categories and provides an indication of metrics, mechanisms and the additional enabling impact of each benefit. The work also looked to the future to estimate what more could be achievable if we went further than the current Strategy. Currently, the Government People Group (GPG) is using the tools developed to help clusters map and calculate benefits for their business cases.

5. PAC conclusion: The Cabinet Office has yet to start monitoring overall progress of the government's Shared Services Strategy.

5. PAC recommendation: When the Cabinet Office writes to us in six months, it should include an update about the methods it has developed to track the overall progress of the Shared Services Strategy, including how it is tracking clusters' progress towards milestones.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The relaunched Enterprise Portfolio addresses this recommendation. It provides a panoramic view of delivery against the Strategy and useful insights for the future. The collective reflection from these insights provides the opportunity to prompt debate and, where appropriate, inform more timely decision-making.

5.3 The process involves data coming in from the clusters (Defence, Overseas, Synergy, Matrix and Unity), Functional Convergence and Interoperability programmes directly from their Programme Management Offices (PMOs) and via the IPA. It is an iterative process, which includes wider Supporting Programmes that impact, or are dependencies for the Strategy. It provides a live online record that is updated as and when new information is received, with contributors given access to the Enterprise Portfolio and regular meetings with Contributors to drive insights and collaboration. Enterprise Portfolio reporting across the strategy is then provided to relevant bodies like the Shared Services Board (SSB).

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

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

6.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2025 (following completion of procurements)

6.2 This has been progressed through the relationship management function, over the last 12 months there have been a number of lessons learned events with clusters as they reach different milestones in their implementations. There is a stock of lessons learned documents and tools for clusters to use.

6.3 Throughout Strategy development and implementation there has been a seeking out and sharing of insights from other Government Major Projects Portfolio (GMPP) projects, industry and other states/governments on similar journeys. The Shared Services Strategy team through IPA offered briefings to other GMPP programmes as necessary.

6.4 A key value add of the Enterprise Portfolio is to encourage collaborative working, and share best practice as well as lessons learned. Additionally, Shared Services Strategy for Government (SSfG) Measures of Success have been developed. They have been designed to be an internal tool which includes a high level summary of where the government needs to reach to be able to say that the Strategy has been implemented as it is currently scoped. As mentioned above, the Overseas Enterprise Resource Planning (ERP) cloud transformation programme (Hera) has completed a lessons learned exercise and published an internal report in September 2023. This report is a valuable resource to inform future decisions in Strategy implementation.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 902), the remaining recommendations are updated below.

1. PAC conclusion: Defra has made good progress in tackling its most urgent legacy issues, though the majority of its applications are still not fully supported.

1. PAC recommendation: Defra should, within six months, identify the success factors behind the progress it has made in addressing issues within its legacy IT, and share lessons with CDDO and other departments.

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

Recommendation implemented

1.2 The Department for Environment, Farming & Rural Affairs (Defra) Defra shared its key lessons from addressing legacy IT through:

- A summary report shared with Central Digital and Data Office (CDDO), pulling together lessons from all relevant programmes. Defra and CDDO have liaised to confirm the format and content of this report so that it is of maximum value.
- CDDO have disseminated this report with the Chief Technology Officer Council.
- Defra and CDDO have worked together to agree an approach for knowledge sharing sessions, due to take place by March 2024.
- Defra has discussed progress and lessons from its Legacy Applications Programme with CDDO as part of the Quarterly Business Review process.

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

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

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

Target implementation date: March 2024

2.2 Defra has developed its digital and data strategy by:

- Taking a group approach to the strategy's development, so that it sets out its approach to digital and data across the Group. This strategy aligns to the six missions in the Central Digital and Data Office Roadmap.
- This work is being led by Defra's Digital Data and Technology Services team, who are consulting extensively with Arm's Length Bodies (ALBs) and core department policy and strategy teams.
- The draft version of this strategy was reviewed by Defra's senior level Strategic Design Authority in June 2023. Extensive engagement with ALBs took place from June to October 2023.
- Defra is preparing for its next spending review submission and will reflect the strategy in this process.
- Defra Executive Committee approved the strategy in October 2023 and Defra will publish it before March 2024.

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

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

Target implementation date: March 2024

2.4 Defra is on track to write to the Committee by March 2024 to set out the actions planned in its Digital Transformation Strategy, and measures to assess performance. In particular:

- Alongside the Digital Transformation Strategy itself, Defra is developing a dedicated implementation plan to enable to it track progress towards the strategy's ambitions.
- This implementation plan will also show how initiatives already underway (such as migration from legacy data centres) will support delivery of the strategy's objectives and progress made on them to date.

- Defra is continuing to consult on the most effective measures to track implementation, including aligning these with the Central Digital and Data Office's metrics for assessing service quality.
- Defra is updating its Enterprise Architecture Framework. The revised principles and policies set out in this Framework are planned to be published for December 2023, along with an initial tranche of standards and guardrails. These will be promoted across Defra group as per the recommendation.
- Defra is also reviewing its technology governance processes, which will include refreshing how its stage gates assure compliance with its Enterprise Architecture Framework. This includes working with the Animal and Plant Health Agency on a delivery pathfinder to test new approaches to architectural governance.

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

6. PAC recommendation: Defra should:

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

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

6.1 The government agrees with the Committee's recommendation.

Target implementation date: September 2024

6.2 Defra is analysing its own service landscape, including supporting technologies, to determine priority areas for investment ahead of SR24 bidding and identify potential efficiency savings.

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

6.4 Defra is strengthening its case for investment by:

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

Fifty-second Report of Session 2022-23

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

Restoration & Renewal of the Palace of Westminster – 2023 Recall

Introduction from the Committee

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

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

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

Relevant reports

- NAO report: Restoration and Renewal of the Palace of Westminster: Progress update – Session 2021-22 (HC 1016)
- PAC report: Restoration & Renewal of the Palace of Westminster - 2023 Recall – Session 2022-23 (HC 1021)
- Treasury Minute: July 2022 (CP 722)

Update to the response to the Committee

Any further updates to the last response recorded in Treasury Minute (CP 722) above will be sent directly to the Committee.

Fifty-third Report of Session 2022-23

Cabinet Office

The performance of UK Security Vetting

Introduction from the Committee

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

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

Relevant reports

- NAO report: Investigation into the performance of UK Security Vetting – Session 2022-23 (HC 1023)
- PAC report: The Performance of UK Security Vetting – Session 2022-23 (HC 994)
- Treasury Minute: The Performance of UK Security Vetting (HC 902)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 902 above), the remaining recommendations are updated below.

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

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

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

1.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2024

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

- UKSV met the Developed Vetting Initial (DVi) KPI (85% of clearances processed within 95 days) in June. Performance has been maintained and holdings are within the target range, currently at 5.3k.
- UKSV met the Security Check and Counter Terrorism Check (SC/CTC) KPI (85% of clearances processed within 25 days). Performance has been maintained and holdings are within the target range, currently at 16.3k.
- UKSV is continuing to plan to stabilise Developed Vetting Renewals (DVR) by the end of the financial year 2023-24 as previously reported so that DVRs submitted from 1 April 2024 are delivered within KPI
- In parallel, UKSV continues to meet all KPIs for priority requests with performance up to the end of October 2023 as follows; for DV immediate and priority requests at 100%, for SC/CTC priority at 97.3% and SC/CTC immediate requests at 100%.

The Cabinet Office is currently working with vetting customers to identify vetting demand, UKSV resources and additional resilience measures of the financial year 2024-25 to ensure this performance can be maintained, and holdings held at target levels.

2. PAC conclusion: The Cabinet Office is over reliant on customer demand forecasts and failed to predict changes in demand for security vetting.

2. PAC recommendation: The Cabinet Office should set out what steps it is taking to help its customers improve their forecasting and to make UKSV more resilient to changes in demand.

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 Significant improvements in Management Information (MI) have enhanced UKSV's ability to support customers in determining their forecasts. Additionally, following a review on how UKSV works with its customers, there is now a greater focus on the relatively small number of customers that make up 90% of the clearance demand. This approach appears to be delivering some improvements:

- DVi demand at the mid-year point is 2% above financial year to date forecast, with only one month, June, exceeding forecast by more than 10%;
- SC/CTC demand at the mid-year point is 3.6% below the financial year to date forecast, with every month within 10% of forecast.

However, vetting demand will remain dynamic, and impacted by significant events (such as the Russian invasion of Ukraine) or policy responses (such as the Prime Minister's Ten Point Plan on Illegal Immigration). So, in addition to the progress made on forecasting, further work is being undertaken by the Cabinet Office to enhance UKSV's ability to regulate and cope with sudden, unexpected in-year demand shocks. UKSV has undertaken work to assess their capability to control demand flow from customers and review the demand agreements it has in place with its customers. More widely, the Cabinet Office is exploring options for creating extra resilience in UKSV's resource profile.

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

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

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

3.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2024

3.2 UKSV continues to work to stabilise the DV renewal service line by the end of financial year 2023-24 so that there will be no further extensions of DV Renewals from 1 April 2024, and that renewal cases submitted from that date are delivered within KPI and performance sustained thereafter. As set out in the above response to recommendation 1, the Cabinet Office has approved additional resources for this area enabling an increased capacity to deliver DV renewals. The final cohort of additional resources will be on-boarded by the end of November and once fully trained will be deployed to work on DV renewals to support the final Delivery Stabilisation Programme (DSP) milestone.

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

Target implementation date: Winter 2023

6.2 As reported in the previous response to the Committee, Cabinet Office ministers considered proposals for the implementation plan for vetting transformation in October 2023. They supported a reset of the vetting transformation programme with an endorsement to explore a modular approach to delivery. In addition, ministers endorsed the creation of a new UKSV board to bring together the customer voice and the corporate enablers to ensure a joined-up approach to the delivery of vetting.

6.3 The programme is currently working through the necessary reset activity with the Cabinet Office Portfolio Office and the Infrastructure Projects Authority (IPA). The IPA will undertake a review to test whether the expectations of the Cabinet Office and customer stakeholders of the programme are realistic. In addition, the recruitment of a SCS2 Programme Director has been approved and completed to oversee the delivery of the programme.

6.4 Following the IPA review, further business cases will be submitted to the relevant boards to ensure all recommendations of the review have been considered and adopted. The Cabinet Office would be happy to share further details of the agreed plan in due course following this.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 902 above), the remaining recommendations are 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 dependency into treatment is a key aim of the drug strategy and the additional investment into the treatment and recovery system in England associated with it.

4.3 The Department of Health and Social Care provides a range of support to all local authorities for identifying and addressing barriers to engagement with treatment, including guidance, data tools, advice on specific treatment pathways, troubleshooting and sharing of best practice. Further targeted support is also provided to high priority areas for service improvement.

4.4 The department is continuing to work with NHS England to develop a joint action plan to address co-occurring mental health and drug/alcohol-related conditions. Discussions with sector experts to shape the deliverables of the plan are ongoing.

4.5 In September 2023, the department published Recovery support services and lived experience initiatives. The guidance includes recommendations on how these organisations can help people access treatment and offer complementary support during and after treatment.

4.6 The department, in partnership with the devolved administrations, developed the first UK-wide clinical guidelines on alcohol treatment, which include guidance on addressing barriers to treatment and integrated care for people with co-occurring conditions. The UK clinical guidelines for alcohol treatment were published for public consultation in Autumn 2023.

5. PAC conclusion: There is concerning local variation in reported spending on, and outcomes from, alcohol treatment.

5a. PAC recommendation: Working with local and national partners, the Department should:

- ***identify ways to increase uptake of treatment services in areas where the proportion of alcohol dependent people in treatment is lower.***

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department released a toolkit in Summer 2023 which will help each local authority to compare treatment numbers to their estimated dependent populations and identify whether specific referral pathways need strengthening. The toolkit, which is available in the restricted area of the National Drug Treatment Monitoring System website, also contains guidance on good practice to reduce the level of unmet need and target priority or under-served groups. The department also published two case studies on how local areas have taken action to reduce unmet need for alcohol treatment. s on how local areas have taken action to reduce unmet need for alcohol treatment.

6. PAC conclusion: There has been a marked reduction in the size of treatment workforce, in particular, of addiction psychiatrists.

6. PAC recommendation: The Department should update us on how it is progressing with the implementation of its substance misuse workforce strategy as set out in the 10 -year drug strategy.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department and NHS Workforce Transformation and Education are developing a substance misuse workforce strategic plan to publish by early 2024. The strategic plan is to be used alongside Phase 1 of the new national drug and alcohol treatment and recovery capability framework and the workforce calculator tool, as well as strategic statements for each role within the workforce which will be published alongside the plan.

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)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 921 above), the remaining recommendations are updated below.

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

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

2.1 The government agrees with the Committee's recommendation

Target Implementation Date: July 2024

2.2 The Department for Education's new daily data tool now allows richer, more timely attendance data to be imported directly from a school's electronic register. The tool has recently been upgraded to provide breakdowns by certain cohorts, such as those on free school meals, allowing for a much stronger understanding of the scale of the problem.

2.3 The department has been working to develop a better understanding of the reasons behind disadvantaged pupils having higher rates of absence than their peers through:

- Carrying out an in-depth study into the factors associated with persistent absence for unauthorised other reasons in pupils of secondary school age, including for disadvantaged pupils.
- Piloting a mentor programme offering targeted one to one support for those pupils most at risk of becoming persistently or severely absent. This is being externally evaluated. From this, the department is building a stronger understanding of the reasons behind absence.
- Regular engagement with third sector organisations with an interest in this cohort, including through the Attendance Action Alliance and Charity CEO Forum.
- Reviewing the findings of the Education Select Committee inquiry into the persistence absence of vulnerable cohorts and the evidence submitted as part of this.

2.4 This work showed that the reasons behind why disadvantaged pupils have higher rates of absence are complex and overlapping. There is no one reason behind this being the case but there is evidence that uniform costs, food, transport, housing pressures, parental mental health and debt can all play a part in persistent and severe absence.

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

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

3.1 The government agrees with Committee's recommendation.

Target implementation date: August 2024

3.2 The government is committed to narrowing the attainment gap and improving outcomes for the most disadvantaged in society.

3.3 The department required schools in early autumn 2023 to report on tutoring they delivered in the academic year 2022-23 and their total spend on it. This exercise will provide final delivery figures for the previous academic year, which will be published by January 2024. The department will use this information, alongside data from the autumn School Census, to determine which schools are currently not engaging with the programme. The department will target these schools directly during the academic year 2023-24, via phone and email, to offer personalised support to help them overcome any barriers they are facing.

3.4 The Evaluation of the National Tutoring Programme Year 3: implementation and process evaluation - research report relating to the academic year 2022-23 was published on 20 October 2023. This report shows that senior leaders, teachers and tutors perceived the National Tutoring Programme as having a positive impact on pupils' attainment, progress and confidence. It was also perceived as playing an important and effective role in supporting pupils whose learning was most disrupted by the pandemic. The report sets out that other factors, such as the quality of classroom teaching, are also important for supporting pupils' learning needs. The report notes that further research is required to understand fully the various types of school interventions that address the attainment gap, and the role of tutoring among these.

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

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

4.1 The government agrees with Committee's recommendation.

Target implementation date: December 2024

4.2 The department agrees that it is important to monitor the volume of tutoring that schools are providing, which is why schools are asked to report on tutoring via the termly school census and a bespoke year-end statement. This monitors the number of pupils receiving tutoring, the number of hours delivered, and schools spend on tutoring overall. Because schools report their tutoring delivery at pupil level, the department is able to examine the characteristics of pupils receiving tutoring. This monitoring approach has worked well in academic year 2022-23 and will continue for academic year 2023-24.

4.3 The department is considering developing interventions that may be deployed, as appropriate, in academic year 2023-24 or in subsequent years, should there be a significant reduction in the amount of tutoring provide.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 921 above), the remaining recommendations are updated below.

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

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

1.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2024

1.2 The Department of Business and Trade's (DBT) Outcome Delivery Plan recognises the importance that inward investment promotion has in generating economic growth, making the United Kingdom a science and technology superpower, accelerating the shift to Net Zero and supporting levelling up. DBT's Official Statistics are used as a vital tool to measure the extent that the department is meeting these ambitions through inward investment. Alongside this, DBT is also exploring improvements in its recording and reporting of inward investment data. This includes improving data collection mechanisms, both through improving the coverage of the Department's surveys with foreign owned businesses (though these are generally unpublished) and through improving internal data collection practices.

1.3 DBT will look at the feasibility of surveying foreign companies based on investment projects that have been abandoned or lost (to another country) recorded on the department's Customer Relationship Management (CRM) system. These projects would have reached the stage where DBT were actively supporting the company with their investment plans, but their investment never came to fruition. DBT will work to define a suitable timeframe for this by June 2024.

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

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

2.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2024

2.2 DBT's investment operations revolve around building relationships with multi-national companies and focussing on influencing their investment decisions. DBT uses Gross Value Added methodology to estimate the economic benefits of Department assisted foreign investment projects. This is applied to projects once they have landed with some precision. It is harder to do this for investment projects that are earlier in their investment process given this information may not be available. DBT is, however, seeking to improve its collection and accuracy of this type of data.

2.3 DBT will develop a process that enables matching of its records with actual records showing the evolution of the relevant company's finances after the point at which the investment project concluded, by June 2024. This will be based on a process for analysing and evaluating the change in capital and labour for the company, which serve as the core components for extrapolating economic impact.

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

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

3.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2024

3.2 As the Committee recognises, digital capacity across government is stretched. Capacity is constrained by the DBT's ability to recruit the right calibre of people in a competitive market. To mitigate this, DBT operates a blended staffing mix of civil servants, contractors and outcome-based suppliers. The department has implemented a specialist Digital, Data and Technology (DDaT) pay framework and there are ongoing pay discussions with the Central Digital Data Office which have contributed to recruiting 100+ civil servants in 2022-2023. The creation of DBT has put further pressure on digital teams previously supporting their respective departments. The impact on the Investment Transformation Programme (ITP) is however minimal. Capacity challenges have not constrained DBT's DDaT capacity on the ITP and all of DDaT's contributions to workstreams are set to deliver as per the critical path ahead of programme closure at the end of November 2023.

3.3 The ITP aims to provide a differentiated service offer to investors, proportionate to investment projects value and impact on UK government strategic objectives. This supports DBT's shift-to-value strategy and ensures the Department's teams are focusing their efforts on projects delivering the most impact. As part of this, DDaT has developed a new digital service to provide business support for foundational investors. This is currently being piloted in North America and Europe, and given positive early indicators, remains on track to be launched globally through 2024 following ITP closure. DDaT has also delivered improvements to the Customer Relationship Management system and has supported data transfer and tech roll out for Investment Services Teams contract closure. There is a robust monitoring and evaluation plan in place to understand the success of digital interventions, which will be used to inform future development.

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.

Target implementation date: March 2024

4.2 Levelling Up is a key priority for DBT and the department already directs its efforts to encourage investment across the UK. DBT's published inward investment results for 2022-23 shows many areas outside London and the South East have seen significant gains in foreign direct investment compared to previous years.

4.3 However DBT accepts that it could be doing more to direct its efforts to encourage inward investment across the UK in line with the government's Levelling Up objective. As a result, DBT is taking forward work to review and update its approach to investment delivery to support Levelling Up. DBT expects to have completed this work by March 2024.

4.4 A key feature of this work will be strengthening how DBT understands and measures its performance and progress in supporting investment projects that contribute to Levelling Up. This will include developing new ways of measuring the impact of the investments DBT supports and comparing them to local averages where relevant. For example, this could include tracking the average salaries of new jobs created and how they compare to local salary averages. DBT will also strengthen its local focus by looking more granularly at where within regions and nations, including London and the South East, that investment is landing and how this compares to areas where inward investment is most needed, for example based on local productivity levels. This will feed into wider work around how DBT targets its support of investment projects.

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**.**

Target implementation date: April 2024

6.2 DBT uses various channels to actively engage with investors of varying size and sector to understand what they need from government and the challenges to inward investment. Work is ongoing to improve the analytical function which surveys investors annually, including on the top barriers they face.

6.3 The DBT convened Investment Council provides a regular forum to gather feedback from global investors. Recommendations and business insights from the Council continues to inform policymaking across government. The next meeting of the Investment Council will be on 7 December.

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

6.5 DBT's Office for Investment lessons learned project has concluded. The recommendations have been considered as part of the Investment Transformation Programme transition and the Investment Directorate and the OfI have agreed ways of working after the Programme. This will be revised in light of the Harrington Review including the recommendation to build on the success of the OfI to ensure it has access to the right tools from across government to compete internationally, and the establishment of a new Ministerial Investment Group.

6.6 DBT continues to shape policymaking across government to address the top barriers to investment, using investor feedback to make a compelling case for reform. For example, DBT influences skills and migration policy through engagement with DfE and the Home Office respectively to ensure business can access the talent they need.

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.

Target implementation date: February 2024

7.2 DBT is well positioned to act as the single voice for business within government. The creation of DBT has helped to align the government's approach on domestic and international policy, for example, ensuring that investment priorities are considered as part of the Smarter Regulation programme. Work is ongoing to ensure the investment perspective is incorporated into all aspects of DBT's activity.

7.3 Following recommendations from the Harrington Review, DBT will also establish a new Ministerial Investment Group which will drive forward a programme of work across departments to ensure that all HMG levers can be accessed and utilised.

7.4 Regular communication routes are in place, including at senior official and permanent secretary level with other government bodies where there is a shared interest in economic growth, including investment. DBT will continue to work closely with the devolved governments to ensure all constituent nations benefit from inward investment. This is formalised at the Executive Forum. At a regional level, DBT officials are working with local authorities to develop a fully comprehensive offer for potential investors. Furthermore, the OfI works closely with local authorities and the devolved governments to develop investible propositions.

7.5 The Global Investment Summit (GIS) is an excellent example of how government has come together to promote inward investment to ensure the UK remains a top investment destination. The event took place on 27th November 2023 and was attended by some of the world's biggest and most influential investors.

7.6 DBT will be undertaking an internal assessment to review its existing engagement with the other departments and bodies that support inward investment and recommend whether any additional guidance or engagement is required to support the relationship with those organisations. DBT is already considering how it can work most effectively with sub-national partners in investment promotion. A fuller review to map out the offer across the entire investor journey, including the role of OGDs, will be complete by February 2024. The recommendations from the Harrington review will inform this internal assessment.

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)

Update to the Government response to the Committee

Following the government's last report to the Committee on this report (CP 921 above), the remaining recommendations are updated below.

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

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

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

3.2 As mentioned in the previous Treasury Minute response, next year's independent review provides an opportunity to look at this recommendation in respect of the Pensions Ombudsman.

3.3 However, in relation to wider Ombudsman powers, this is a complex issue that goes beyond the Department of Work and Pensions' control as the legislation relating to this is that of the Cabinet Office. Departmental officials will talk to the Cabinet Office about their view on the Committee's concerns and the extent to which the independent review of The Pensions Ombudsman can cover this and will draw its scope accordingly.

3.4 The Committee wrote to the Department for Work and Pensions on 24 October 2023, raising concerns about this and other recommendations within their report. The department will respond to these concerns by 22 November 2023.

4. PAC conclusion: This is another case of government not giving people enough time or support to make complex financial decisions.

4. PAC recommendation: The government should write to us within three months to set out what more it will do to support people to make informed financial decisions, including regarding their pensions. This should include what changes it will make in light of DWP's recent call for evidence, and an update on progress with Pensions Dashboards.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The government wrote to the Committee on 22 September 2023 in response to this recommendation.

Fifty-eighth Report of Session 2022-23

Department for Energy Security and Net Zero

Energy Bills Support

Introduction from the Committee

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

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

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

Relevant reports

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

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 921 above), the remaining recommendations are updated below.

1. PAC conclusion: The Department introduced the support schemes quickly, but its lack of understanding of customers' circumstances means that it has taken too long to get support to some of those most in need.

1. PAC recommendation: The Department should, as part of its Treasury Minute response, set out how it intends to be better prepared to support vulnerable consumers through any future energy market interventions.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 Since the last report to the Committee in August, lessons learnt from the support schemes that were delivered in Winter 2022-23, have been captured; including the particular challenges related to targeting, and delivering support to households not covered by domestic energy supplies and/or those off grid. As part of this work, the department has looked at the delivery model of its alternative funds, including seeking independent input from the Infrastructure and Projects Authority.

1.3 As set out in the update to Recommendation 5, energy prices have fallen significantly throughout 2023 with the Ofgem price cap down from £4,279 in Q1 2024 to £1,834 for Q4 2023. Non-domestic prices have fallen this year too benefiting households on commercial tariffs, and for those dependent on alternative fuels oil prices remain below the summer 2022 peak when government provided the Alternative Fuel Payment. The government is, therefore, not currently intending to run either of its domestic alternative funds again this winter. The government will monitor the situation and will keep the need to respond to any future pressure on consumer bills under review, and we are confident the lessons learnt exercise from last winter will enable us to respond effectively if required.

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

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

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2023-24

3.2 From the outset, the department understood the need to reduce the risk of error and fraud in the energy affordability schemes. Counter fraud measures, fraud risk assessments and fraud management plans were designed with expertise from the Cabinet Office Public Sector Fraud Authority; and continue to be regularly reviewed.

3.3 Compliance activity has been performed throughout the lifecycle of the schemes with a significant proportion being carried out by external auditors. Individual cases of non-compliance are closely monitored. As the support schemes move towards closure, this activity continues, and is specifically tailored to each scheme.

3.4 The department will write to the Committee in December to set out the latest position on error and fraud rates and the work being done to reduce them.

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

3.5 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

3.6 The department will write to the Committee by the end of 2023 outlining how it will ensure the lessons it has learnt from the energy schemes are not lost. The majority of the teams who worked on the energy support schemes transferred to the new Department for

Energy Security and Net Zero allowing work on lessons learnt and evaluation to continue uninterrupted.

3.7 A culture of learning and implementing lessons has been a priority for the department from the outset of the energy affordability schemes. Given the unprecedented nature of the schemes and the pace of implementation, it was crucial to feed in experience and lessons from the department's delivery during the COVID-19 Pandemic.

3.8 Since the previous update, lessons learnt exercises have been conducted across the energy affordability programmes. Recommendations are being considered by the Executive Committee and work is taking place to ensure that lessons are disseminated through a central depository, with engagement ongoing to share these with the departments stemming from the legacy Department for Business, Energy & Industrial Strategy (BEIS). Ensuring that lessons are captured, and that knowledge and information is managed effectively is a core activity as schemes move into closure.

4. PAC conclusion: HM Treasury and the Department do not fully understand the pressures the non-domestic sector will face when the EBRS ends in March 2023, or the potential risk of insolvencies.

4b. PAC recommendation: The Department should consider whether Ofgem's existing role in regulating the non-domestic energy sector is fit for purpose in managing future unexpected events, such as high gas prices, and whether its remit should be extended to create a fair competitive market in this sector. The Department should urgently consider rectifying these concerns through the Energy Bill which is currently going through Parliament.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Ofgem has now published their final report into the non-domestic market. The department welcomes their findings and believes it is vital that businesses are getting a good service and support from their energy suppliers and any third-party providers. The department supports Ofgem's proposals to make regulatory changes that will increase information and bill transparency to provide more businesses with the benefits previously only available to microbusinesses.

4.3 Ofgem made several recommendations for the government to explore, including the introduction of regulation for third-party intermediaries, e.g. energy brokers; as well as improved protections for domestic customers supplied indirectly on non-domestic contracts, e.g. people who live in care homes, social housing, and mobile park homes. On 24 July 2023, the department published a 'summary of responses' document following the department's previous call for evidence on Third Party Intermediaries, as well as a new call for evidence on domestic consumers on non-domestic contracts. The latter has now closed, and the department is in the process of analysing the responses. On the former, the department is supportive of Ofgem looking into expanding transparency measures on Third Party Intermediary (TPI) commissions to all business customers and expanding access to redress through the TPI Alternative Dispute Resolution scheme. The Retail Energy Code Company has also now published their TPI Code of Practice which the department believe is a positive step by industry to provide best practice principles. The government will keep under consideration the role they can play on regulating TPIs and what lessons can be learned from the recent RECCo Code of Practice. Finally, Ofgem also recommended the expansion of access to the Energy Ombudsman for more than just microbusiness. The department will soon publish a consultation on expanding business access to redress, and it welcomes views from relevant stakeholders.

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

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

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

5.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

5.2 Energy prices have fallen significantly throughout 2023, with the Ofgem price cap currently set at £1,834 for the typical dual fuel household paying by direct debit. As a safeguard in the near term, the Energy Price Guarantee (EPG) is still in place should prices exceed £3000 and will remain so until end March 2024. Additional cost-of-living payments, worth up to £900 are also in place to support the most vulnerable households. These payments are split across three instalments with the first payment made in spring 2023, the second in autumn 2023 and the final payment due to be paid in spring 2024.

5.3 The Energy Bill Discount Scheme (EBDS) will continue to provide support to non-domestic customers who have a contract with a licensed energy supplier until 31 March 2024. Some non-domestic customers who procure their energy from unlicensed energy providers will also be able to claim support under the Non-Standard EBDS until 31 March 2024.

5.4 In relation to capping support to those that use very large volumes of energy, the department's position remains unchanged. Given high energy use is unavoidable for certain vulnerable households, for instance as a result of necessary medical equipment, the government has concluded that it should not progress with the option of capping support through the EPG and that support should remain universal.

5.5 On future policy, the department will be writing to the Committee directly in December with an update.

6. PAC conclusion: We are very concerned about the Department's lack of urgency in addressing the energy market failures that are leading to high energy bills for consumers.

6. PAC recommendation: The Department should set out, as part of its Treasury Minute response, the timeline for its review, and how the REMA will ensure that the electricity sector has more resilience against future unexpected events, such as high gas prices.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department aims to publish a second review of electricity market arrangements (REMA) consultation imminently and will take decisions on reforms throughout the REMA programme. REMA's overall timescale will depend on the extent, nature and complexity of the reforms to be taken forward.

6.3 The REMA programme is considering a range of options to shield consumers from the impacts of future commodity price spikes, including more transformative options and whether an evolution of the current approach represents the best balance of consumer protection, investor confidence and overall system efficiency. This will ensure that consumers benefit from the continued roll-out of lower cost renewables.

6.4 The Contracts for Difference (CfD) scheme already insulates consumers against electricity price spikes, as all revenues generated from renewables with CfD contracts above a pre-agreed ‘strike price’ are paid back to consumers. The scheme is driving renewable deployment at scale, and over time will significantly reduce dependence on fossil fuelled power generation, lowering consumer exposure to gas prices.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 921 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.

Target implementation date: December 2023

1.2 The government recognises the value of an overarching narrative that sets out how these various policies to decarbonise power form a coherent whole and intends to publish this shortly.

2. PAC conclusion: We are sceptical that plans for expanding nuclear, solar and wind power are credible.

2. PAC recommendation: The Department should provide annual updates to Parliament that demonstrate progress against milestones towards its objectives and identify how significant risks are being mitigated.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The power sector is a key aspect of delivering Net Zero, and the Department for Energy Security and Net Zero (DESNZ) therefore provides annual updates to Parliament in the form of the government response to the Climate Change Committee's (CCC) annual Progress Reports.

2.3 The latest CCC response sets out how the government is reaching its objectives. Subsequent departmental publications will provide further updates on the department's plans for specific aspects of the power sector and on the actions the government has taken to mitigate risks.

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.

Target implementation date: December 2023

3.2 The department recognises the importance of giving clarity to the private sector to encourage investment and continues to provide clarity by communicating more detailed investment needs and opportunities on a sector-by-sector basis.

3.3 The Green Finance Strategy provides clarity on pathways for investment across net zero, and communicates to businesses, investors and the finance sector the UK's plan to grow investment. These publications set out plans to grow green investment across all parts of the UK, which include providing up to £20 billion funding for early deployment of Carbon Capture, Usage and Storage, and launching the fifth Contracts for Difference allocation round, the first round to run on an annual basis. These provide investor clarity on the government's overall approach to enhance the country's energy security, seize the economic opportunities of the transition, and deliver on the government's net zero commitments.

3.4 The power sector delivery plan will also provide an opportunity for further clarity.

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)

Update to the Government response to the Committee

Following the government's last response to the Committee on this report (CP 921 above), the remaining recommendations are updated below.

1. PAC conclusion: The backlog of audit opinions for local government bodies remains unacceptably high, and the Department still does not have a plan to reduce it.

1. PAC recommendation: The Department should, as part of its Treasury Minute response, update the Committee on:

- ***What actions it and FRC are taking to increase the proportion of audit opinions for local government bodies that are delivered by the publication deadline for 2022–23;***
- ***What actions it and FRC are taking to clear the backlog of audits from 2021–22 and earlier, and in what timeframe they expect it to clear; and***
- ***What metrics and milestones it and FRC will use to measure progress in improving timeliness of local audit and hold stakeholders to account.***

1.1 The government agrees with the Committee's recommendation.

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

1.2 The Department for Levelling Up, Housing and Communities has undertaken intensive engagement with representatives from all types of local bodies and other stakeholders over the remainder of summer 2023 and into the autumn to support the development of the proposals to clear the backlog of local audit, as committed to by the Parliamentary Under-Secretary of State for Local Government and Building Safety in his letter to the Chair of the Levelling Up, Housing and Communities Committee of 14 July 2023. The key elements of this proposal focused on setting statutory deadlines to clear the backlog, as well as advancing work across the system to address concerns relating to financial reporting, auditing and regulatory requirements. The department continues to work at pace with the Financial Reporting Council (FRC) and other partners to progress these proposals.

1.3 Under the government's proposals, it remains a priority for auditors to report on value for money arrangements and make use of their statutory powers, as these are important mechanisms for assurance and for identifying areas of concern at an early stage, allowing councils to address them. The proposals have continued support from the Local Audit Liaison Committee which advises on implementation. These measures will be subject to consultation later in the autumn ahead of necessary secondary legislation being laid for parliamentary approval. The department is considering the output of its extensive engagement over the summer ahead of launching its consultation. It will update the Committee by February 2024.

5. PAC conclusion: There are no consequences for local government bodies or local auditors failing to deliver audited accounts on time.

5. PAC recommendation: The Department should write to us by October 2023 setting out how it will address the lack of incentives or sanctions around timeliness of auditor reporting, based on its more detailed review of the causes of delays and where lessons can be learned.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Permanent Secretary has written to the Committee on 15 November 2023 to outline the department's approach to this work.

5.3 The government remains committed to exploring how greater measures of transparency concerning audit delays could influence behaviours across the local audit system. It recognises that incentives and sanctions have a role to play but they need careful balancing to avoid unwarranted and unforeseen consequences. Therefore, this area requires additional time and collaboration, with input from all parts of the local audit system for full consideration. The government's priority remains to continue to work with all local audit stakeholders to clear the backlog of local audit opinions but will keep this recommendation under review.

Treasury Minutes Progress Reports Archive

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

Publication Date	PAC Reports	Ref Number
December 2023	Session 2017-19: updates on 9 PAC reports Session 2019-21: updates on 2 PAC reports Session 2021-22: updates on 18 PAC reports Session 2022-23: updates on 48 PAC reports	CP 987
June 2023	Session 2013-14: updates on 1 PAC report Session 2017-19: updates on 11 PAC reports Session 2019-21: updates on 5 PAC reports Session 2021-22: updates on 29 PAC reports Session 2022-23: updates on 27 PAC reports	CP 855
December 2022	Session 2013-14: updates on 1 PAC report Session 2017-19: updates on 16 PAC reports Session 2019-21: updates on 14 PAC reports Session 2021-22: updates on 38 PAC reports Session 2022-23: updates on 8 PAC reports	CP 765
June 2022	Session 2013-14: updates on 1 PAC report Session 2017-19: updates on 27 PAC reports Session 2019-21: updates on 34 reports Session 2021-22: updates on 30 reports	CP 691
November 2021	Session 2013-14: updates on 1 PAC report Session 2016-17: updates on 3 PAC reports Session 2017-19: updates on 33 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 47 reports Session 2021-22: updates on 5 reports	CP 549
May 2021	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 3 PAC reports Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 28 reports	CP 424
November 2020	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 reports	CP 313
February 2020	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 3 PAC reports Session 2016-17: updates on 14 PAC reports Session 2017-19: updates on 71 PAC reports	CP 221

March 2019	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 7 PAC reports Session 2016-17: updates on 22 PAC reports Session 2017-19: updates on 46 PAC reports	CP 70
July 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 9 PAC reports Session 2016-17: updates on 38 PAC reports Session 2017-19: updates on 17 PAC reports	Cm 9668
January 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 4 PAC reports Session 2015-16: updates on 14 PAC reports Session 2016-17: updates on 52 PAC reports	Cm 9566
October 2017	Session 2010-12: updates on 3 PAC reports Session 2013-14: updates on 7 PAC reports Session 2014-15: updates on 12 PAC reports Session 2015-16: updates on 26 PAC reports Session 2016-17: updates on 39 PAC reports	Cm 9506
January 2017	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 7 PAC reports Session 2015-16: updates on 18 PAC reports	Cm 9407
July 2016	Session 2010-12: updates on 6 PAC reports Session 2012-13: updates on 2 PAC reports Session 2013-14: updates on 15 PAC reports Session 2014-15: updates on 22 PAC reports Session 2015-16: updates on 6 PAC reports	Cm 9320
February 2016	Session 2010-12: updates on 8 PAC reports Session 2012-13: updates on 7 PAC reports Session 2013-14: updates on 22 PAC reports Session 2014-15: updates on 27 PAC reports	Cm 9202
March 2015	Session 2010-12: updates on 26 PAC reports Session 2012-13: updates on 17 PAC reports Session 2013-14: updates on 43 PAC reports	Cm 9034
July 2014	Session 2010-12: updates on 60 PAC reports Session 2012-13: updates on 37 PAC reports	Cm 8899
February 2013	Session 2010-12: updates on 31 PAC reports	Cm 8539
July 2012	Session 2010-12: updates on 28 PAC reports	Cm 8387
January 2012	Session 2010-12: updates on 13 PAC reports	Cm 8271