



Treasury Minutes on the First Report to the Sixth Reports from the Committee of Public Accounts 2007-2008

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**Presented to Parliament by the Exchequer Secretary
to the Treasury by Command of Her Majesty
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TREASURY MINUTES DATED 27 MARCH 2008 ON THE FIRST
REPORT TO THE SIXTH, REPORTS FROM THE COMMITTEE
OF PUBLIC ACCOUNTS SESSION 2007-08

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First Report

Department for International Development

Tackling rural poverty in developing countries

1. The Department for International Development (DFID – the Department) welcomes this report by the Public Accounts Committee in which it considered the importance of rural poverty in developing countries and examined how DFID is tackling the problem. DFID accepts the Committee’s conclusions that the needs of the rural poor must be recognised in DFID’s programmes and that it would be impossible to achieve the Millennium Development Goals (MDGs) without reducing rural poverty.

PAC Conclusion (1): Three quarters of the world’s poor are in rural areas where poverty must be reduced if the Millennium Development Goals are to be met. DFID should find out what share of its bilateral aid accrues to the rural poor and adjust its programmes to address their needs.

2. DFID accepts the Committee’s findings that its information management system cannot specifically identify the proportion of its bilateral expenditure tackling rural poverty. Some DFID activities involve directly targeting resources for particular defined groups of beneficiaries, but the nature of rural poverty means that sectoral, regional or national programmes are often the best way to achieve sustainable change.

3. The Department uses input sector codes to identify which areas of a recipient’s economic or social structure its programmes are intended to support. Sector codes track the sector where the funds are spent, but not the location or nature of the beneficiaries. Programmes in agriculture, primary education, governance, nutrition, maternal and neonatal healthcare, for instance, all combat rural poverty, but are recorded by sector rather than by beneficiary or target group. Identifying the specific beneficiaries is likely to be difficult, inexact and potentially expensive. DFID does not believe that it would represent value for money to set up expenditure tracking systems focusing solely on rural poverty.

4. The Department fully agrees with the Committee’s view that tackling rural poverty is key to meeting the MDGs and is keen to address the needs of the rural poor. But effective targeting involves more than identifying a certain share of input costs for programmes. For instance, DFID’s country planning and programme design already includes analysis of the needs of the rural poor whenever appropriate. DFID will also carry out an evaluation of its agriculture policy in 2008, and will consider adjustments to its policies and programmes as necessary.

PAC Conclusion (2): DFID does not know what proportion of its contributions to multilateral assistance is spent on the rural poor. DFID should encourage multilaterals to follow the World Bank’s example and assess their impact on the rural poor, and to remedy any imbalance in effort. It should also increase training and technical assistance to build capacity of those multilaterals it has assessed as weaker.

5. DFID agrees that it does not have an estimate of the amount spent by multilaterals on the rural poor. The costs and difficulties of making such an estimate are similar to those encountered in estimating DFID's own rural spend as covered under PAC Conclusion (1) above. But multilateral agencies do monitor the impact of their expenditure and have their own independent evaluation departments that rigorously evaluate their work in different sectors. The impact on the rural poor has been an area of study recently, with both the European Commission (EC) and World Bank carrying out evaluations in 2007 of their work in agriculture and rural development. The Food and Agriculture Organisation (FAO), has also undertaken a major independent evaluation, and the UK chairs the working group taking work forward on its vision and strategy. This work is occurring against a backdrop of broader support to evaluation. For instance DFID works closely with the DAC Evaluation Network, and chairs the Network of Networks on Impact Evaluation.

6. Multilateral aid achieves results and the multilateral institutions have a unique role to play in the international development system. But the multilateral system also has significant shortcomings. DFID will continue to press for improvements and use its resources to provide incentives for reform and reward improved performance. The Department will continue to focus on strengthening the evidence base on the effectiveness of institutions, to promote reform of the institutions, and ultimately to increase the effectiveness and impact of multilateral aid on the ground.

7. DFID uses training and technical assistance programmes to support targeted improvements in multilateral agencies. The Department will continue to do this as appropriate. Examples of ongoing programmes include:

- For the FAO, DFID supported technical assistance programmes are already being implemented against an agreed programme of institutional strengthening and reform.
- For the International Fund for Agricultural Development (IFAD), the UK has pressed for reform, and changes are being made to align resources with strategic objectives, including an increased training budget. Under IFAD's Action Plan, supported by the UK, a comprehensive change programme has introduced new policies on direct supervision, innovation and knowledge management. Training is being provided in these areas and targeted networks set up to share information and policy guidelines.
- In relation to the EC, DFID has three Rural Livelihoods advisers working as Seconded National Experts assisting the Commission.

PAC Conclusion (3): DFID does not know enough about the effects of its aid on agricultural development or on rates of urbanisation. DFID recognises the links between rural and urban populations but has not evaluated the impact of assistance on patterns of economic migration. DFID should work to increase its knowledge about the effects of aid on patterns of work and

8. DFID acknowledges that there are information gaps and has already begun funding two research centres investigating agricultural development, the livelihoods of the rural poor and migration. The Development Research Centre is undertaking a study of “Impacts of Migration on Rural Poverty and Livelihoods” which is due to be completed by May 2009. The Chronic Poverty Research Centre, also funded by DFID, is starting to investigate migration, rural-urban linkages and citizenships. This theme looks in more detail at the spatialisation of poor people’s livelihoods, including agriculture, under the impact of globalisation and economic restructuring. The research will be completed by 2010.

9. The Department recognises that the scale of urbanisation, now and in the future, in developing countries is widely reported, but that the effects and the policy approaches necessary to mitigate the negative side of urbanisation and movement from rural to urban areas are often less well defined. DFID published a policy paper in April 2007 ‘*Moving out of poverty – making migration work for the poor*’ which set out how the benefits of migration could be maximised and the negative risks minimised. The policy paper broke new ground as the first published on migration and development by any bilateral development agency.

10. The policy paper underlines the importance of facilitating internal migration in ways in which benefit poor people. It encourages removing barriers to movement within developing countries (e.g. permits, fees, fines, roadblocks and harassment); and better planning in urban areas to better meet the needs of growing populations, including the provision of public services such as health and education. It highlights that it is also important to remember those family members left behind as these are often the most vulnerable.

11. The Department is now working to take forward this policy with developing country governments and with other members of the international development community. A key forum to facilitate this is the annual Global Forum on Migration and Development. The next Forum takes place in October in Manila. DFID welcomes the Committee’s recommendation, which will support the current priority given to this area.

PAC Conclusion (4): DFID has attempted to influence trade reform and reduce agricultural subsidies in the developed world but so far with little success. DFID’s new responsibilities for UK trade policy and increased ‘aid for trade’ funding provide an opportunity which it should use to secure greater benefits for the rural poor by increasing international and local trade.

12. DFID welcomes the Committee’s recognition of the importance of trade reform as a means to tackling rural poverty. The World Trade Organisation (WTO) Doha Development Agenda (DDA) has the greatest potential to reduce trade barriers to all countries and is the government’s number one trade priority. The UK is pushing in particular for increased market access in agriculture, an end to export subsidies and substantial reductions in trade-distorting domestic support. Working across government (DFID, BERR and DEFRA), the UK is pressing hard to achieve a good outcome for developing countries.

13. These efforts have already had some impact. The UK position on Common Agricultural Policy (CAP) reform has been changed to include reducing its distortionary effect on agricultural trade. The 2004 reforms included de-linking or decoupling subsidies from production on important crops for developing countries such as cotton. The current CAP Health Check continues the reform of the CAP in the direction of liberalisation and reduced trade distortions. It offers an opportunity to cut further export refunds, intervention and coupled EU agricultural support – the UK Government is pressing hard for those outcomes.

14. A joint DFID / BERR Trade Policy Unit has created a more strategic input into trade policy. DFID is building on this to develop more policy coherence in trade policy-making, trade negotiations and in our support programmes. As well as supporting the Doha round of trade talks, DFID is also supporting countries to build capacity necessary to help them reap the benefits of more open markets whilst addressing adjustment needs linked to this.

15. The UK is increasing spending on aid for trade (A4T) to \$750 million a year by 2010. This will help developing countries to tackle internal constraints that prevent them from being able to take advantage of more open markets, both international and domestic. Priorities for funding will be set by developing countries – delivered as part of their national development plans.

PAC Conclusion (5): Half of DFID country programme teams using budget support are not satisfied with the efforts of developing country governments to tackle rural poverty. DFID should analyse each developing government's resource allocation as part of its monitoring of budget support programmes. It should then use its budget support as a lever to improve the developing nation's emphasis on rural poverty issues.

16. DFID agrees with the Committee's recommendation that analysis of resource allocation is important in designing and monitoring budget support programmes. Before delivering budget support and during implementation, DFID works closely with other donors to analyse and assess the government's resource allocations. DFID also monitors budget execution to ensure that actual spending reflects the stated priorities. The Department works with governments to undertake public expenditure reviews to better understand how effectively government's resources are being utilised overall.

17. The Department accepts that budget support provides an opportunity for increased support for and influence on the development of developing countries' rural policies. However, evidence suggests that using aid as a lever to impose reform on an unwilling partner has rarely worked. The purpose of budget support is to help governments deliver their own poverty reduction programmes. That is why DFID only delivers budget support to Government's who are committed to reducing poverty, and why DFID always carefully assesses the government's poverty reduction strategy and their budget to ensure that budget support will be the most effective way to deliver UK aid.

18. DFID always agrees a monitoring framework to monitor progress towards budget support's objectives, and regularly discusses progress with the government. This provides an opportunity to raise concerns about slow progress in particular areas, share any lessons from other countries and offer additional support that might help the government to deliver stronger results, including in the area of rural poverty.

19. While the Committee finds that some countries seem not to be giving sufficient attention to rural issues, the African Union has launched the Comprehensive African Agricultural Development Programme (CADDP) as one of its flagship initiatives. African Presidents signed a declaration in Maputo in 2002 committing their countries to increase spending on agricultural development to ten per cent of public expenditure, reflecting the growing consensus among our partner countries on the importance of rural growth. DFID, through participation on the Steering Committee of the Global Donor Platform for Rural Development, is actively contributing to international advocacy for greater and more effective donor support for country-led rural development programmes.

PAC Conclusion (6): Poor dissemination and low use of existing research has led DFID to spend an additional £37.5 million to encourage people to use it. DFID should improve dissemination of its research results to its own country staff and periodically check the levels of awareness achieved.

20. DFID agrees that it is necessary to improve dissemination of research results to country staff. At present, the main mechanism used for disseminating research results is a web portal.¹ This contains all details of DFID centrally funded research, regular news items (at least two per week) and case studies (at least two per month). DFID monitors and evaluates use of this service by DFID staff. Over the next year the Department intends to develop this service further by:

- (i) investigating the potential of electronic newsletters for country staff; and
- (ii) improving the quality of email alerts to be more country specific.

21. DFID's new Research Strategy (2008-2013), which will be launched on 22 April 2008 will emphasise getting research results to DFID staff. The Department will ensure that new policy knowledge is made available by improving systems for sharing knowledge and research information and by facilitating ways for using this knowledge. DFID's new results framework for measuring the impact of the research strategy will include ways to measure DFID staff's access to and use of DFID research.

PAC Conclusion (7): DFID does not have a clear picture of the costs of service delivery in rural areas. DFID should secure better-cost analysis, either from developing country management information systems or by commissioning specific studies where gaps are most serious.

22. DFID recognises the need to extend the use of quantification and has recently established an Investment Committee to encourage a more rigorous approach. The Committee's report correctly highlights that weak data hinder quantification – in general, the management information systems of least developed countries do not give a clear picture of costs of services in rural or urban areas. The majority of country systems do not have the detailed accounting information to provide information on costs, and nation-wide coverage is essential to provide robust data for comparison.

¹ <http://www.research4development.info/>

23. DFID agrees with the Committee's recommendation that developing country management systems should be used to secure better-cost analysis. Rather than engage in parallel, and potentially very costly, data collection exercises, DFID's approach is to strengthen national capacity. DFID does this, working with partner governments and other donors, by providing finance to support countries' implementation of national statistical strategies. DFID is also financing statistical infrastructure and development in a number of countries, and further support is provided to international initiatives working to build statistical capacity, improve management information systems and advocate for the use of quality data within countries.

24. DFID is currently leading a joint donor evaluation of approaches to building national statistical capacity and this is due to report in June 2008. The evaluation will make recommendations on how to strengthen the approach to this important area. In addition, a significant amount of spending funded by DFID on public financial management systems improvement is targeted at improving the accuracy, timeliness and usefulness of financial information for the purposes of annual financial reporting and monitoring spending against budgets. In the future this will facilitate the determination of unit costs.

PAC Conclusion (8): Civil society organisations (CSOs) have often performed better than developing country governments in providing benefits for the poorest, but DFID has decreased the percentage of its funding for CSOs. DFID's analysis of developing country governments' poverty reduction plans and performance needs to highlight deficiencies in coverage or cost effectiveness of services for the rural poor, and promote the use of civil society organisations to fill these gaps.

25. DFID agrees with the Committee's recommendation that the analysis of developing country governments' poverty reduction plans and performance should highlight deficiencies in coverage and cost effectiveness. DFID undertakes a country governance analysis as part of its process for deciding how to support a country, and considers the government's policies and performance against the capability, accountability and responsiveness framework. The analysis includes issues such as social exclusion and regional planning.

26. DFID also works to improve the effectiveness of aid and to promote greater voice of the poor in policy and planning and in holding governments to account through support to representative bodies and civil society. Poverty Reduction Strategy Monitoring Arrangements are used to generate an overview of the implementation, progress and impact of partner government's poverty reduction plans.

27. DFID agrees that CSOs provide one way of delivering services to rural communities. Where possible, we believe that supporting government services is the best way to promote service delivery on the scale required to achieve the MDGs. But each country is different. In some countries with weak government systems or where governments do not represent the interests of the poor, DFID's approach is adapted to fit the circumstances, often working with and through CSOs. In all its country programmes, and through its central funding, DFID encourages engagement with civil society and the Department has supported many successful programmes, which work through civil society.

PAC Conclusion (9): DFID does not fully assess how far project benefits can be sustained following project completion, either in completion reports or subsequent project evaluations. DFID should assess the extent of enduring benefits after project completion and periodically analyse the results to identify common risks or success factors.

28. DFID agrees that it is important to identify common risks and success factors during implementation and on completion of projects. Project Completion Reports (PCRs) are mandatory for all DFID programmes and projects over £1 million. All PCRs are required to include specific lessons around programme management, good practice, innovation and working with partners. DFID Evaluation Department periodically produces a synthesis of PCRs in which a range of factors are analysed and presented. The most recent synthesis February 2006² shows that around 68 per cent of DFID programmes either completely or largely achieved their goals.

29. Sustainability issues are covered during planning and implementation. The PCRs often consider the sustainability of impact after closure of the projects but there is currently no mandatory requirement to do so. DFID now plans to include such a requirement in future PCRs.

30. DFID does not routinely re-evaluate individual projects, but does undertake country programme evaluations, which include issues such as sustainability and the impact of projects after closure. The Department intends to continue this integrated approach to sustainability issues, rather than undertaking individual assessments, because it provides good information on common risks and success factors and supports improved planning.

PAC Conclusion (10): DFID's professional staff spend less than a week in rural areas each year. DFID should build on the good practice identified in Tanzania, to ensure that key programme and advisory staff spend sufficient time in rural areas to understand rural development priorities.

31. DFID agrees that Tanzania is a good model of how a country office can get the balance right between time spent in the capital and in rural areas. The model has been disseminated throughout DFID and other country offices are encouraged to learn and adapt the model according to their particular needs and circumstances.

PAC Conclusion (11): In giving evidence to the Committee the Accounting Officer disputed the accuracy of parts of the report. There is a convention that the facts in the C&AG's report and their presentation should be agreed with the Department unless specific reservations are made in the report. We expect all Accounting Officers to adhere to this convention.

32. DFID fully respects the convention and will ensure in future that any point of dispute about the accuracy of an NAO report is recorded in that report.

² <http://www.dfid.gov.uk/aboutdfid/performance/files/ev664.pdf>

Second Report

Department of Health

Prescribing costs in Primary Care

1. The Department of Health (DH) welcomes this report by the Public Accounts Committee. It reinforces the importance of action already taken by DH and the NHS to secure best value for money from the £8 billion a year spend on medicines in primary care.

2. Around a quarter of all expenditure in primary care is on drugs, and both the volume of drugs prescribed and their total cost are increasing. In 1996, 485 million prescriptions were dispensed in England; by 2006 this had increased by 55 per cent to 752 million. Over the same period the primary care drugs bill increased from £4.0 billion to £8.2 billion: a 60 per cent increase in real terms. Growth has been driven by the licensing of new treatments, the discovery of new opportunities to treat disease through existing medications and moves to earlier treatment of some diseases. Efficient management by DH and NHS bodies can however make the drugs bill more affordable without affecting patient care. The Department is pleased that the Committee recognises the work already undertaken to promote the use of lower cost, yet therapeutically effective, medicines.

PAC Conclusion (1): The NHS could save more than £200 million a year, without affecting patient care, by GPs prescribing lower cost but equally effective medicines. Many drugs are available in both branded and generic versions, and the latter is usually much cheaper than the brand name drug, for which the manufacturers have to recover research and development costs.

3. The Department accepts the Committee's conclusion that the NHS could save around £200 million a year, without affecting patient care, by GPs prescribing lower cost but equally effective medicines. DH and the NHS recognise that treating patients more efficiently releases resources for other treatments. The Department has a long-standing policy of encouraging generic prescribing to ensure that lower cost generics are used as soon as higher cost branded medicines lose their patent rights. DH accepts the estimate made by the NAO using 2005-06 data, and substantial progress has already been made towards achieving these savings.

4. The Better Care, Better Value (BCBV) indicators, first published in September 2006 by the NHS Institute for Innovation and Improvement, are designed to help local NHS organisations make the most effective use of resources and deliver quality healthcare. The quarterly BCBV indicator on statins encourages more systematic use of therapeutically equivalent low cost generic statins in place of higher cost branded statins. The NHS has already realised around £80 million of these identified savings through more efficient use of statins.

PAC Conclusion (2): The proportion of prescriptions written by chemical name rather than by brand name, known as generic prescribing, rose from 51 per cent in April 1994 to 83 per cent in September 2006. But only 59 per cent of prescription items were actually dispensed as generics in 2005, mainly because not all drugs prescribed were available in generic form. For some common conditions doctors have a choice of clinically equally effective drugs, some of which are available in generic form whilst others are only available as branded medicines. Where it is clinically appropriate, GPs should prescribe those available in generic form.

5. The Department accepts the Committee's conclusion that where it is clinically appropriate, and a generic version is available, GPs should prescribe medicines in generic form. DH is currently considering the feasibility of introducing a BCBV indicator on generics to encourage further progress in addition to the improvement acknowledged by the Committee.

PAC Conclusion (3): The proportion of lower cost prescriptions for some common conditions varies greatly between Primary Care Trusts (PCTs), for example between 28 per cent and 86 per cent for statins. Strategic Health Authorities should work with the National Prescribing Centre to spread best practice in prescribing and help those PCTs that have difficulty implementing switching programmes to learn from PCTs that have successfully done so.

6. The Department agrees that Strategic Health Authorities (SHAs) should work with the National Prescribing Centre to spread best practice in prescribing and help those PCTs that have difficulty implementing switching programmes to learn from PCTs that have successfully done so. Electronic systems maintained by the Prescription Pricing Division of the NHS Business Services Authority contain a range of indicators and comparators, which are useful to PCT prescribing advisers. The service is subject to continuous development and enhancement.

PAC Conclusion (4): Comparing GP practices and PCTs on indicators of efficient prescribing is an effective way of influencing prescribing behaviour. The Department, in conjunction with the NHS Institute for Innovation and Improvement, should develop more 'Better Care, Better Value' prescribing indicators to measure the proportion of generics dispensed and the level of potential savings where more cost effective prescribing would generate significant savings, such as for renin-angiotensins used to treat high blood pressure. Strategic Health Authorities should use these indicators to hold PCTs to account for prescribing costs.

7. The Department agrees that comparing GP practices and PCTs on indicators of efficient prescribing is an effective way of influencing prescribing behaviour. As the Committee recommend, the Department is currently working in conjunction with the NHS Institute for Innovation and Improvement and the Information Centre for Health and Social Care to consider the feasibility of extending the range of indicators to other categories of medicine and therapeutic areas, including anti-hypertensive drugs.

PAC Conclusion (5): Despite large variations between PCTs in prescribing efficiency, nearly all GP practices achieve maximum points on the ‘medicines management’ indicators in the Quality and Outcomes Framework. Practices are rewarded for meeting a prescribing adviser ‘at least annually’, and agreeing ‘up to three’ actions relating to prescribing. The Department should strengthen the medicines management indicators when the Quality and Outcomes Framework is next renegotiated, and set more ambitious prescribing improvement targets for practices in order to be awarded the medicine management points. The Framework should also reward GPs for prescribing drugs that are available in generic form when clinically appropriate.

8. The Department accepts that, at present, nearly all GP practices achieve maximum points on the ‘medicines management’ indicators and understands the sentiment behind the Committee’s recommendation, but is keen to maintain the current distinction between the twin aims of encouraging prescribing efficiency and improving the health benefit of patients. The Department considers that enhanced BCBV indicators supported as appropriate by other incentives is the best means of securing further efficiencies, allowing QOF to concentrate on quality of treatment.

9. The Department has recently commissioned a thorough review of the QOF assessment process. The review concluded that PCTs needed to take action to ensure that QOF assessment is robust and SHAs should performance manage them in doing this. Revised guidance, on the Primary Care Contracting website, includes ways to help PCTs deliver QOF checks in a way that is supportive to practices, whilst ensuring that the NHS and patients are getting the best out of the framework. The guidance seeks to encourage the use of QOF objectives to improve prescribing within the strategic plans of the PCT.

PAC Conclusion (6): One in five GPs responding to the NAO’s survey said pharmaceutical companies had more influence on prescribing decisions than official advisers. Whenever a gift is given by a company, there is a risk that it will have an inappropriate influence on the recipient’s behaviour. The Department should specify the minimal level above which gifts, hospitality, etc provided to prescribers by pharmaceutical companies should be disclosed to the PCT. PCTs should publish an annual register of this information.

10. The Department accepts that the NAO found that one in five GPs responding to their survey said pharmaceutical companies had more influence on prescribing decisions than official advisers. The advertising and promotion of medicines is, however, strictly regulated under the Medicines (Advertising) Regulations 1994 by the Medicines and Healthcare Products Regulatory Agency (MHRA). It is important that all prescribers make their choice of medicinal product on the basis of evidence, clinical suitability and cost effectiveness alone. DH issued guidance in 2000 – “*Commercial Sponsorship – Ethical Standards for the NHS*”. This guidance advises NHS employers to establish a register of interests so that health professionals can declare any gifts or hospitality received. This should be audited as appropriate, and be made available on request to the public.

11. There is also a requirement on doctors under both the Performers List and General Medical Services Contracts Regulations 2004 to maintain a register of gifts and to show it to PCTs on request. The Department does not feel there is need for further regulation in this area.

12. The dealings of pharmaceutical representatives are regulated by the Association of the British Pharmaceutical Industry's (ABPI) Prescription Medicines Code of Practice Authority (PMCPA). This was established in 1993 to operate its longstanding code of practice on promotion to health care staff of prescription only medicines. If anyone believes that the pharmaceutical representative is behaving inappropriately, they can report the individual or company to the PMCPA. Self-regulation works and sanctions have been taken against companies, with two being suspended from the ABPI.

13. The industry issued a revised Code in 2006, which took account of many of the issues raised by the Health Select Committee inquiry into these areas. The MHRA has statutory powers through the Medicines (Advertising) Regulations 1994 to take action if self-regulation does not work.

PAC Conclusion (7): Hospital consultants' prescribing choices are bound by agreed 'formularies' of cost effective drugs, but GPs are generally not subject to formularies. Although prescribing decisions must be sensitive to the needs of the individual patient, evidence on the cost and clinical effectiveness of treatments for a particular disease should apply consistently across the country. The Department should encourage PCTs to pilot joint primary/secondary care formularies. Strategic Health Authorities should work with the National Prescribing Centre to promote agreement and consistency of formularies across primary and secondary care, and across PCTs.

14. The Department agrees that SHAs should work with the National Prescribing Centre to promote agreement and consistency of formularies across primary and secondary care, and across PCTs.

15. The prescribing and dispensing of drugs in secondary care differs in important ways from the position in primary care. Most secondary care prescriptions are dispensed through a single hospital pharmacy, which makes it far more straightforward to ensure compliance with a single formulary. In the community, a GP prescription can be filled at any community pharmacy and the supply chain is much more complicated.

16. Medicines management and prescribing are key elements in both PCT and acute trust business and it is important that these organisations liaise effectively on these issues. The National Prescribing Centre updated their guidance on 'Area Prescribing Committees' in June 2007 at the request of DH. This comprehensive guide advises local NHS bodies on how to reevaluate the way in which they provide leadership on joint, strategic medicines management across their health communities, drawing on the best approaches from both hospital and primary care. It provides a range of good practice examples from the NHS. The Department is actively promoting the guidance.

PAC Conclusion (8): 88 per cent of prescription items are dispensed free, and the remainder for a standard charge not directly linked to actual cost. The Department should do more to make patients aware of the costs of drugs, and hence the importance of not wasting them, for example by displaying on dispensed drugs information such as the cost of the specific items dispensed or an indication of the typical cost of items to the NHS.

17. The Department accepts that it is important to understand more about why patients do not take their medicines as intended in order to be able to consider how better to inform and support them. The reasons why some patients do not take their medicines are complex. Not knowing the cost of the medicines may be one factor. However, research conducted on behalf of DH in 2007 and informed by focus group discussions with patients concluded that printing the NHS cost of a medicine on the label would be unlikely to reduce medicine wastage and could have a negative effect, such as discouraging use of the medicine.

18. Some respondents voiced concerns that a price indication on a medicine label might indicate that they would have to pay the price on the label, or that the NHS was going to start charging for this and other services. Other reactions indicated that there may be connections made by patients between the price and the efficacy of the medication, which could lead to medication diversion or non-compliance, either from the patient thinking it was too precious to use (if expensive) or ineffective (so not worth taking if inexpensive). This connection of price to efficacy also triggered questions about value (as opposed to cost), creating the potential for some patients to think that they were not valued as the medication was inexpensive, or made to feel guilty for “costing” the NHS too much.

19. The Department is about to commission a major piece of research into reasons why medicines are wasted or unused by patients. The Department will examine the detail of the research findings to see what practical measures can be identified for action at either local or national level to help reduce waste. The Department acknowledges the scope to encourage and support patients in taking their prescribed medicines. With this in mind, the National Institute for Health and Clinical Excellence (NICE) will publish a clinical guideline on medicines concordance later this year. Medicines concordance is also one of the themes being explored under the auspices of the joint Government/pharmaceutical industry Ministerial Industry Strategy Group.

PAC Conclusion (9): Unused and wasted drugs cost the NHS at least £100 million a year. The Department of Health does not have robust or up to date information on the cost of drugs wastage or a good understanding of the varied and complex reasons why patients do not always use their drugs. It should commission research to establish the extent to which medicines are not used, and establish the reasons why patients do not take their drugs.

20. The Department accepts the Committee’s conclusion and recommendation that it should commission research to establish the extent to which medicines are not used, and establish the reasons why patients do not take their drugs. Waste, in this context, is a complex issue and DH is currently commissioning new research, which will be undertaken in 2008-09, on the reasons why patients do not always take their medicines as intended, to inform future action.

PAC Conclusion (10): Generic versions of drugs can vary considerably in appearance, colour and packaging. This variation can be confusing for patients, particularly elderly patients on several medications, and can increase the risk of patients taking their drugs wrongly, or not at all. The Department should explore with the industry the scope to achieve greater consistency of appearance, labelling and/or packaging of the more common drugs supplied to the NHS.

21. The Department accepts the Committee's opinion that the differing appearance, colour and packaging of generic medicines can be confusing for some patients, and can increase the risk of patients taking their drugs incorrectly, or not at all. If DH's commissioned research on unused and wasted medicines establishes that the appearance of generics is a significant contributory factor in medicines wastage, DH will explore with the Medicines and Healthcare products Regulatory Agency whether it is feasible to conduct relevant discussions with generics manufacturers.

22. However, the generic medicines market is global in its scope and the NHS accounts for only a small percentage of overall sales. As such it may not be realistic to expect that the Department can prevail on generics manufacturers to make changes to the appearance, colour and packaging of their products to suit the particular requirements of the UK market.

Third Report

Office of Government Commerce and Department for Environment, Food and Rural Affairs

Building for the Future: Sustainable construction and refurbishment on the government estate

1. Sustainable operation of the Government estate has been identified by the Cabinet Secretary as one of his four corporate priorities for the civil service for 2008/09. The Government will continue to demonstrate its commitment to strong leadership on achieving a sustainable Government estate and in sustainable procurement evidenced through the establishment of demanding targets for improved performance, strong governance, and structures in departments to ensure delivery of improved performance, and in the commissioning of independent audits to review the progress made.

2. The 2006 Sustainable Procurement Task Force (SPTF) Report challenged the Government to use its collective buying power to make rapid progress towards meeting sustainable development goals. The *UK Government Sustainable Procurement Action Plan* (SPAP) published in March 2007 sets out how progress will be achieved through policies, performance frameworks and procurement practice. It also emphasised the importance of working with the supply chain to provide the innovative solutions that will be needed. The NAO report *Improving the efficiency of central government's office property* challenged Government to improve the extent and quality of its environmental performance and sustainability data.

3. Having set out its agenda for action, the Government recognises that further effort is, and will continue to be, required to support departments in the delivery of their sustainable procurement objectives. Subject to agreement on resourcing, a new Centre of Excellence in Sustainable Procurement (CESP) and a new Director-General post of Chief Sustainability Officer (CSO) will be created within OGC to address the need for stronger integration between the government's action on procurement and the government estate, achievement of the Sustainable Operations on the Government Estate (SOGE) targets and SPAP commitments through strong cross-Whitehall collaboration. The Centre will provide stronger central coordination of performance management, and guidance and support to help departments rapidly develop the capability and capacity to deliver the Government's commitments.

PAC Conclusion (1): Departments are not meeting the sustainability standards for the construction and refurbishment of buildings on the government estate. Mandatory environmental assessments were carried out in only 35 per cent of new builds and 18 per cent of major refurbishment projects in 2005-06, and only nine per cent of projects could be shown to meet the required environmental standards. To lead public debate on environmental and sustainability issues the Government should be setting an example in meeting the standards. The Treasury, DEFRA and the Office of Government Commerce (OGC) need to lead and support departments in adopting more sustainable approaches to their work.

PAC Conclusion (2): Lines of accountability, enforcement and leadership are split across different organisations and departments, and systems for monitoring compliance with environmental standards have been inadequate. The Government has recently introduced new initiatives to improve procurement in central Government, but responsibilities for securing compliance with environmental standards remain unclear. DEFRA should say how performance against BREEAM targets and the take up of the Quick Wins will be reported, which department is responsible for doing so, and what DEFRA's own responsibilities are in this respect. The underlying departmental performance data should be made available.

4. The Government agrees with these recommendations. Government continues to lead by setting itself demanding targets for sustainable procurement. The proposal for a CSO will strengthen leadership in this area while the CESP will provide the necessary support to help departments deliver their sustainable procurement objectives. The CESP will help spread some of the best practice cited in the report, such as DEFRA achieving Building Research Establishment and Environmental Assessment Method (BREEAM) excellent (or equivalent) ratings for all its new builds and major refurbishments. DEFRA also runs a Practitioners Forum, which brings together practitioners in procurement and operations from across Whitehall to share best practice, experience, exchange ideas and network.

5. Existing lines reflect departmental responsibilities. Accounting Officers are ultimately responsible for procuring and delivering construction activity to meet departmental business objectives. They are also responsible for the actions of departmental procurement staff in meeting the policy standards and objectives that Government has collectively set itself.

6. Departments are required to report to the SDC on their progress towards the SOGE targets. The SDC will report on the use of the BREEAM and Quick Wins through their inclusion in the annual *Sustainable Development in Government (SDiG) Reports*, and in their scrutiny of Departmental Sustainable Development Action Plans. The latest SDiG report was published on the 18 March 2008.

7. The Government agrees that performance in this area is not good enough and in order to improve it will shortly implement stronger enforcement of the government's policy on BREEAM (or equivalent) certification of new buildings and major refurbishments, such that no new builds or major refurbishments will happen unless they meet the BREEAM (or equivalent) standards. The application of these existing standards will be further reinforced through the proposed introduction of National Property Controls.

PAC Conclusion (3): Performance in incorporating sustainability objectives is particularly poor in smaller construction and refurbishment projects, where a full BREEAM assessment is not deemed appropriate. DEFRA should assist departments by developing a lighter-weight alternative to BREEAM, and specifying in more detail when to use different assessment methods.

8. It is not the role of Government to set assessment methods that are applicable across the construction industry. However, the Government will identify appropriate methodologies for smaller scale projects that do not place an excessive burden on department's procurers.

9. In addition to BREEAM, the mechanisms contained in the UK SPAP and the SOGE targets provide a framework for improving the sustainable procurement and operation of all construction and refurbishment projects.

10. For smaller refurbishment projects, department procurers must consider the applicability of a full BREEAM (or equivalent) on a project specific basis within the context of practicality, achievability and value for money in line with the mandated Common Minimum Standards.

PAC Conclusion (4): Departments are failing to implement Treasury guidance and assess costs and benefits of sustainable design options on a whole-life basis, partly because of pressure to reduce initial capital costs. The Treasury should simplify the application of whole-life costing, promote and monitor its take-up by departments, and improve consistency in its application. It should identify mechanisms to allow flexibility on capital spending and actively assist departments to use them in order to achieve significant savings in whole-life costs.

11. The Government agrees with this recommendation. On 2 March 2007, the Treasury published on its website a new simplified guide to whole life costing.³ This is a supplementary guide to the Green Book, which should be used to make an economic assessment of the social costs and benefits of all new policies, projects and programmes. The Treasury and its Ministers continue to promote whole life costing, such as in John Healey's speech at the Third Annual Sustainability Conference.⁴

12. The Treasury will continue to work with Departments to promote best practice application of whole life costing and use this basis for scrutinising and approving business cases.

13. The Treasury does not place pressure on Departments to reduce initial capital costs relative to the whole life cost of a project. Any assessment of the business case will question the value for money of higher whole life costs to reduce the initial capital spend. Costs fall to budgets the year they are incurred. So major projects are spread over many years. Departments also have end year flexibility to carry forward unspent capital budget.

³ http://www.hm-treasury.gov.uk/economic_data_and_tools/greenbook/data_greenbook_money_sustainability.cfm

⁴ http://www.hm-treasury.gov.uk/newsroom_and_speeches/speeches/finsecspeeches/speech_fst_011106.cfm

PAC Conclusion (5): Departments are making poor progress against their environmental targets for estate management, which include significant reductions in water consumption and carbon emissions and the achievement of carbon neutrality by 2012. The Office of Government Commerce should develop standard clauses for outcome related environmental specifications to be incorporated in all construction contracts, and see that they are adopted by Departments.

14. The Government agrees with this recommendation. Whilst specifications, due to their very nature, need to be project specific, it is accepted that a number of model form of words may assist departments. The CESP will facilitate the sharing of such model wording between departments.

15. The CESP will work with departments to draw up a delivery plan with milestones and a trajectory for the delivery of the government's SOGE targets and SPAP commitment, to be published in summer 2008.

PAC Conclusion (6): There is greater scope for many departments to incorporate environmental specifications within contracts for facilities management-for example, in purchasing energy. The development of cross-government contracts offers an opportunity for them to do so, and the Office of Government Commerce should take full account of environmental considerations in negotiating these contracts.

16. The Government agrees with this recommendation. It recognises the importance of adopting "environmental specifications", such as high performing materials (insulation, cladding), low energy consuming plant and equipment, and the use of modular, off-site manufactured solutions, which prompts the move towards standardisation. The OGC will continue to work with departments to promote this and the need for whole life costing to be used for public buildings.

17. The OGC will also work with departments to ensure that future Facilities Management (FM) contracts include a profile which sets out the performance of the building, including energy usage, a replacement profile for existing elements that are shown to be less than environmentally suitable, set against agreed standard specifications, and present and proposed maintenance regimes.

18. OGC's Collaborative Procurement Directorate works with Government departments and other public bodies to influence £72 billion of common spend. Initially, work is focused on the categories of energy, fleet, travel, office solutions, ICT and professional services. In 2007-08, over £565 million has been saved through collaboration and strong progress has been made in embedding sustainability into collaboration activities.

19. OGC will build on this in the coming year by developing KPIs for sustainability in the collaborative categories. The KPIs will cover four key areas:

- Reduction in carbon emissions;
- Financial savings directly attributable to sustainability activity;
- Category level measures such as the use of environmental product specification;
- Supply base – assess and measure environmental credentials.

20. Reporting in this way will support the work to embed sustainability as a 'business as usual' activity within pan-government procurement and allow for the performance of sustainability initiatives to be monitored and reported in the same way as value for money is currently.

21. One early example of this approach is that shown by the Collaborative Procurement Energy Team. The team worked with DEFRA to ensure that the re-let of the OGCBuying.solutions half hourly electricity framework was aligned with Government's sustainability policies on renewable energy. This deal allows Departments to meet a proportion of their electricity needs from renewable sources, at no additional cost, and at a price, which will remain protected, despite increased demand and prices for the next four years. Currently, OGCBuying.solutions' customers access on average 30 per cent of their electricity requirements from renewable energy sources. The agreement will also allow new customers to meet the requirements of the SOGE targets in respect of renewable energy.

PAC Conclusion (7): There has been no means of securing compliance with the requirement for Departments to incorporate environmental objectives, including 'Quick Wins', in new construction and major refurbishment projects. The Office of Government Commerce has recently been given responsibility for assessing the adequacy of the procurement process in individual departments. In addition to DEFRA's responsibilities in this area, the OGC needs to find ways of encouraging departments to meet environmental objectives and achieve better take-up of Quick Wins, perhaps including incentives or recognition schemes to encourage greater compliance.

22. The Government agrees that performance in this area needs improvement. Although there are many examples of good practice, consistent compliance has not always been achieved.

23. By locating the CESP within OGC, work on sustainable procurement and sustainable operations will be integrated into the mainstream of work on the government estate, collaborative procurement, project assurance and work on procurement policy and capability; taking advantage of OGC's existing powers to drive up standards. This will ensure that sustainability is never seen as an 'optional extra' but is intrinsic to good practice.

24. OGC is also working with DEFRA on data measurement across a range of sustainability issues, including the monitoring of Quick Wins compliance. In addition, DEFRA is working to update the Quick Wins list of environmental minimum standards, drawing on established industry standards to drive more standardised Government requirements.

PAC Conclusion (8): Departments are not assessing properly the operational performance of buildings, and the Property Benchmarking Programme being developed by the Office of Government Commerce currently covers only a small percentage of the central government estate. Post-occupancy evaluations should be carried out on all new properties and major refurbishments, and departments should register all their properties in the Programme so as to achieve the Office of Government Commerce's aim of complete coverage by the end of 2008.

25. The Government agrees with this recommendation. Having robust performance data is a fundamental pre-requisite of improving the management and use of both individual buildings and the whole of a department's property portfolio. There has already been a significant level of engagement by departments in the OGC's Property Benchmarking Service, which is focused on the office estate. To the end of 2007, this has included, on a voluntary basis, 47 central Government organizations covering over 2.1 million square metres, which equates to 24 per cent of the office estate. Use of the OGC Property Benchmarking Service has been mandated for all central government office occupations over 500 square metres starting from FY 2008-09. It is estimated that this will encompass 150 organisations and 2400 individual occupations.

26. Post Occupancy Evaluations (also known as post implementation reviews) form part of the normal rigour of effective project delivery. Under its "Achieving Excellence in Construction" initiative, OGC recommends that such evaluations are carried out following all construction or major refurbishment works to determine whether the business benefits of such investments have been achieved as justified in the business case. These should be regularly repeated over the operational life of the facility and have the potential to provide invaluable data to assist Government's drive to achieve optimum value from its property assets.⁵

27. The Public Sector Construction Clients' Forum (PSCCF) support the use of Post Occupancy Evaluations and have agreed a number of common metrics to ensure consistency in approach and to enable the establishment of appropriate benchmarks.

PAC Conclusion (9): The poor performance against sustainability standards reflects the low priority accorded to this agenda within individual departments. Departmental Management Boards should take responsibility for reporting progress against targets in Sustainable Development Action Plans and annual departmental reports.

28. The Government agrees with this recommendation. Departments are required to treat this agenda as a priority, in line with the UK's strong commitment to sustainable development and, in particular, our work to mitigate climate change, and the priorities set out by the Cabinet Secretary. Individual departments' commitment and performance would be scrutinised by the CSO, with challenge at the highest levels where necessary. All Permanent Secretaries will have objectives relating to their departmental performance against the SOGE targets.

⁵ <http://www.ogc.gov.uk/documents/CP0068AEGuide8.pdf>

Fourth Report

Department for Environment, Food and Rural Affairs

Environment Agency: Building and maintaining river and coastal flood defences in England

1. The Department for Environment, Food and Rural Affairs (the Department) welcomes this report by the Public Accounts Committee in which it examined the building and maintaining of river and coastal defences in England. The widespread flooding of the summer of 2007 illustrated the danger, damage and misery, which flood events cause. The Environment Agency (the Agency) is accountable to the Department's Secretary of State and ministers devote particular attention to flood management. The Agency's responses have been agreed with the Department and Ministers will continue to work with officials and the Agency to address the committee's recommendations.

2. The Agency is pleased that the Committee recognised the critical importance of the role of the Agency, the limitations of funding, the potential need for new powers and the impact of urban drainage system failures. The Committee concluded that the Agency could make more effective use of the funding already available to it. The Agency has already made enhancements to improve the effectiveness and value for money of its services.

PAC Conclusion (1): The Environment Agency set a target to maintain 63 per cent of flood defence systems in target condition by March 2007, but only managed to maintain 57 per cent of all systems and 46 per cent of high risk systems at target level by that date. The Secretary of State for Environment, Food and Rural Affairs announced on 2 July 2007 that the total annual budget for flood risk management would rise to £800 million by 2010-11 from £483 million received in 2006-07. The Agency needs to target its resources based on thorough assessments of the priority areas. It should categorise the state of each group of flood defences, according to whether they are high, medium or low risk systems, and estimate the increased risk of flooding where they are not in target condition.

3. The Agency accepts this recommendation and was already improving its risk-based approach to the allocation of funding. The Committee's recommendation aligns with the five-year improvement programme outlined in the Agency's *Sustainable Asset Management Strategy* that commenced in April 2006. The Agency is taking care to ensure that assessment of condition and risk is undertaken consistently across its 226,000 assets and has already completed its assessment of assets systems in high, medium and low risk categories. For the remainder of the implementation programme the Agency will be assessing each asset type and establishing the contribution to flood risk and the most efficient investment programme to ensure assets perform during a flood event. Where assets are not at target condition the Agency will develop a prioritised action plan that will include an assessment of the increased risk of flooding.

4. The Agency is adopting learning from international experience, most notably the Netherlands, to provide the clearest view of risk and the adequacy of our assets.

PAC Conclusion (2): There are significant shortcomings in the Agency's ability to prioritise expenditure on the highest risk areas and assets. The risk to life and damage to property were well illustrated by the floods in summer 2007, but the Agency has not targeted high-risk flood defence systems adequately, and two areas spent less than 40 per cent of maintenance funds on such assets. The Agency should allocate maintenance funds to each of its areas on the basis of the estimated risk of flooding and the potential cost if a flood were to occur.

5. The Agency accepts this conclusion and is committed to the continuous improvement of both its understanding of flood risk and the effectiveness of its funding allocation process. In the 2008-09 funding allocation round, 75 per cent of maintenance funding has been allocated to high risk systems with the remaining 25 per cent focussed on sustaining the performance of operational equipment and channel maintenance. Evidence from risk modelling and economic appraisal work, using the broad classification of risk we have adopted, suggests that the current balance of funding is correct. The Agency will review the outcomes from this approach to inform future allocations.

6. The summer 2007 floods were in many cases as a result of flooding from surface water rather than as a result of the performance of the assets.

7. The Agency will also continue to develop its comprehensive understanding of flood risk and the potential cost and frequency of flooding through, for example, the National Flood Risk Assessment programme, Catchment Flood Management Plans, Flood Risk Strategies and the supporting flood risk science programme. These will inform the allocation of funding for assets through a risk-based approach, which includes consideration of both potential damage and the probability of that damage occurring.

8. The effective prioritisation of resources will also be enhanced through the adoption of *Outcome Measures*, which will inform the prioritisation of flood risk management expenditure from 2008-09.

PAC Conclusion (3): Too much of the Agency's construction funding in 2005-06 (£76 million) was spent on programme and project development. The Agency spends a significant percentage of its funding for improvements on development, some of which goes on schemes which are unlikely to go ahead. Since most funding is already committed to existing projects and relatively little is available in any one year for new project starts, such development can put scarce resources into schemes which have little prospect of being built while raising false hopes in the affected communities. Detailed planning work on each proposed scheme should only be undertaken once the Agency is reasonably confident that the project is likely to go ahead.

9. The Agency accepts the recommendation and recognises the need to reduce the proportion of the capital programme spent on programme and project development. The Agency is streamlining its approach to scheme development. This entails system wide improvements to reduce development costs and changes to flood risk management process, products, controls and tools.

10. The *Streamlining* initiative will improve the screening of flood risk management projects and reduce unnecessary feasibility and viability work. The Agency estimates a reduction in the cost of project development of £8 million by March 2010. Work on the implementation of this initiative has commenced and includes better management information so it can identify and implement further reductions in costs. The £8 million saving is part of a wider efficiency programme and further savings, beyond 2010, are expected through the development of a long-term investment strategy.

PAC Conclusion (4): The Agency is unlikely to meet its earlier commitment to complete Catchments Flood Management plans by 31 December 2007. These plans should be reviewed to identify structures most at risk: some of the worst damage in the summer floods affected structures in areas where plans had been completed but the structures not identified as at risk. The plans are designed to set out the policy for managing flood risk in a catchments over the next 50 to 100 years, taking into account various factors over the long term, such as climate change and property development, so that decisions about construction and maintenance can be made in the context of the catchments as a whole. In the face of the heavy costs and disruption from recent flooding this delay is unsatisfactory, and any further delay beyond the Agency's new estimate for completion of the work by December 2008 would be unacceptable.

11. The Agency recognises the importance of Catchment Flood Management Plans (CFMPs) and acknowledges the variable progress made on the development of these plans. The Agency has put in place tighter programme control arrangements, new management structures and processes. The CFMP programme remains on track to deliver by December 2008. Whilst these plans are essential for the long term planning of flood risk, the absence of a plan does not mean that no action is taking place to reduce risk and the majority of the summer 2007 flooding would not have been mitigated by a completed CFMP being in place.

12. Detailed assessment of structures most at risk is a routine part of our asset management activity. The Agency will continue to enhance the understanding of how our assets perform through the science programme and drawing information and learning from flood events. The Agency has recently completed a technical assessment of the small number of structural failures that occurred this summer. The learning from this will be taken forward via amended guidance and processes for our asset management teams.

PAC Conclusion (5): The different bodies involved in water management appeared quick to absolve themselves of any responsibility for the floods in 2007 and there is little evidence of collaborative working with the Agency to minimise the risks of such events. Developers, local authorities, drainage boards and water companies are involved in enhancing drainage to handle rising demand, whether from rainfall or new development, but proposals to improve drainage to hold excess water have been held up by discussions over the responsibility for subsequent maintenance work. The Agency should lead in preparing and agreeing local drainage plans which set out the specific responsibilities of all relevant parties. It should seek new powers if the deadlock cannot otherwise be broken.

13. The Agency queries parts of the recommendation. It agrees that a clear co-ordinating framework is necessary to deal with flood risk from surface water drains and sewers, which was the source of flooding for two thirds of homes in the summer 2007 floods. The Agency is willing to take on an overview role for inland flooding from all sources, which would provide the framework for key drainage stakeholders to plan locally and work together to manage inland flood risk. However the lead role on co-ordination of local partners and on local drainage plans may need to lie with the local authorities working to the frameworks established by the Agency.

14. This strategic overview role for inland flooding was also referred to in the interim recommendations from *The Pitt Review – Learning Lessons from the 2007 floods*. The Agency is currently working closely with the Department regarding the Agency's role, and the Department issued a public consultation on this on 7 February 2008.

PAC Conclusion (6): The Agency's asset database should provide a national picture of the state of flood defences, but it is cumbersome to use and the difficulties in extracting timely performance data are hindering efforts to keep these defences in their target condition. The Agency's inspectors use the database to record their inspection results, but local managers were unable to use the computer system to subsequently check whether faults identified had been remedied. The system can fail when users seek to extract large volumes of data, and only 80 local authorities have used the database to monitor the state of their non-main river defences. The Agency should establish whether the technical problems can be overcome to allow users' ready access to the data. If not, the Agency should prepare a business case for developing a new computer system more suited to user requirements.

15. The Agency accepts the Committee's recommendation that was based on the National Audit Office's fieldwork in September 2006. Since then the Agency has carried out a number of improvements to its database addressing the points raised. The Agency's current asset register was designed in 1999 to provide limited management information. The Agency's *Asset Management Strategy* identified the need for an asset management system by the end of the five-year implementation programme in 2011.

16. Recent enhancements have improved the reliability of the asset register. The Agency has completed a feasibility study and outline business case into how the Agency can deliver an asset management system. This confirmed the need to replace the existing National Flood and Coastal Defence Database and the Agency has recently commenced work on the design and procurement of a commercially off the shelf solution. The Agency plans to complete all necessary piloting, testing and training to enable this to be implemented in 2009. The Agency is consulting with local authorities and other third party operators to ensure that the tool will provide reliable access to a single national asset record.

PAC Conclusion (7): The Agency does not routinely notify third party owners of flood defences of any defects found. The Agency should formally notify all third party owners of the remedial action needed to maintain defences in appropriate condition and follow up whether necessary action has been taken. In the wake of the floods this summer, the Agency should also consider whether there is a case for extending its powers to compel third party owners to take action.

17. The Agency accepts the recommendation. Third party assets make up approximately one third of the defences that provide a reduction in risk from flooding. Past governance arrangements under predecessor organisations required local and regional flood defence committees to establish policies and bylaws relating to third parties. The Agency introduced a policy relating to third party assets in June 2007 and is working on drafting national bylaws.

18. The Agency will carry out routine inspections of third party assets, which ensures that the condition of these defences is monitored. New guidance has been produced advising the need to notify third party owners of defects and necessary remedial work. This requirement will be incorporated within the Asset Management System, which is due for launch from April 2009. This will include automatic prompting of re-inspection depending upon the degree of defect and resulting risk.

19. The Agency's powers to compel works to be undertaken by third parties are limited. The Agency is working closely with the Department to identify whether new powers are needed to address this.

PAC Conclusion (8): The Agency's warning system to notify residents of the imminent risk of flooding relied on email and telephone messages, but such warnings may not be appropriate late at night or early in the morning if residents are asleep. As part of its lessons learned review, the Agency should establish whether residents received adequate warning of the risk of flooding and whether existing methods of communication were sufficient.

20. The Agency accepts the recommendation. The implementation of the Agency's *Flood Warning Investment Strategy* has promoted the development of a multi-channel approach to issuing warnings. The Agency provides a service that includes a mandatory telephone channel and up to five different contacts by telephone, Short Message Service (SMS) text messaging, email and pager so each resident can identify their preferences in how they wish to receive a warning irrespective of time of day. This has enhanced the likelihood of messages being received and acted on by recipients.

21. Where there is a severe risk to life then we work with partner organizations to establish contingency provisions such as plans to evacuate and personal contact. These are conducted by the emergency services and will involve door knocking and loud hailer that supplement any warning issued by us.

22. As a result of the *2007 Summer Floods* the Agency is reviewing the flood warning strategy to see whether there are further cost effective enhancements that will help increase the likelihood of warnings being received and positive action being taken. The review is due to be completed in Summer 2009, with implementation from April 2010 onwards.

Fifth Report

Department for Transport

Evasion of Vehicle Excise Duty

1. The Department for Transport (the Department) welcomes this report by the Public Accounts Committee on vehicle excise duty (VED) evasion in 2006. The Department acknowledges the recommendations made and it and the DVLA (the Agency) is already taking action to address the points identified by the Public Accounts Committee, which includes doubling wheel clamping activities and promoting greater partnership working with the police and local authorities to detect and deal with hardened VED evaders.

PAC Conclusion (1): The VED evasion rate rose to 5 per cent in 2006-07 (£214 million) from 3.6 per cent in 2005-06. The DVLA uses its records to tackle VED evasion with action on known evaders, including penalty notices, court action, debt collection and wheel clamping. But there are rising numbers of persistent evaders and vehicles, which are not on the DVLA records. The Department and the DVLA need to target this group by increasing the level of “on-the-road” enforcement activity.

2. The Agency is concerned at the recorded increase in evasion during this period and has already taken steps to combat it. The Department has been successful in maintaining compliance amongst those on the register, however work continues to fine-tune enforcement activity to target those who persistently and intentionally evade. Among the measures already in train are the following:

- doubling wheel clamping activities, seizing 100,000 unlicensed vehicles per year from 2007-08;
- using improved Automatic Number Plate Recognition (APNR), introduced in January 2007 to detect evaders from over 10 million vehicle sightings per year, followed by penalties and prosecution;
- increasing the number of police and Local Authorities adopting devolved powers to wheel clamp and impound unlicensed vehicles;
- introducing new legislation to permit enforcement in more public places (effective from September 2008);
- using debt collection agents to pursue 40,000 cases per month (from February 2008) and provide intelligence to use wheel clamping to target persistent evaders;
- promoting greater partnership working between the police and Local Authorities to detect and deal with hardened evaders and “underclass” vehicles.

PAC Conclusion (2): The Department and the DVLA do not have the detailed figures and analysis needed to understand trends in evader behaviour and to target action against them. The increase in evasion therefore came as a surprise to the Department and the DVLA. The DVLA needs to gather the data necessary for an up-to-date and forward-looking picture of changes in evader behaviour and motivations, and target its action accordingly.

3. The Agency is working to improve its own internal measures – such as Automatic Number Plate Recognition (ANPR) data and the volume of Late Licensing Penalty notices issued – to monitor in-year evasion rates. The intention is that this will provide detailed and timely information at regular intervals to describe the profile of evasion. The Agency will use this to inform and improve its enforcement strategy, employing a dynamic approach to the deployment of appropriate enforcement methods.

4. The Department will analyse, in detail, the results of the 2007 annual survey of over 1.7 million vehicles to understand the profile of behaviour among those who continue to evade VED. Section 4 of the 2007 survey contains information on the characteristics of evading vehicles.

PAC Conclusion (3): Motorists renewing their VED can avoid paying for one month without the risk of penalty. The DVLA should quantify the resulting losses to date and close this loophole without delay by reducing the current two months allowed before late licensing penalty enforcement action is initiated.

5. It is the case that enforcement action is not initiated until a vehicle has been unlicensed for over a month. It is, therefore, possible to ‘skip’ a month without incurring a from-the-record penalty. Unlicensed vehicles, of course, remain liable to penalties and enforcement action if detected in use on the road.

6. When continuous registration was introduced in 2004, it was an entirely new concept. The Department wanted to ensure that motorists had time to get used to it, particularly the need to formally notify a vehicle as off-road – even for a short time – in order to avoid a penalty. The Department did not want to penalise unnecessarily potentially large numbers of motorists who kept their vehicles in the garage, or off road, for a short time. Now the regime has been in place for a number of years the Department is looking at how the procedures might be tightened to prevent those who purposefully skip a month from doing so.

7. The Department intends to assess how this loophole can be closed via a pilot later this year. The average number of one-month skippers, across all vehicle classes is approximately 67,000. These figures are based on an average calendar month and do not take into account tax yield for different vehicle classes. The pilot will involve sending warning letters to 5,000 vehicle keepers who have not re-licensed after one month. These records will then be checked to see if this letter has encouraged the keeper to license their vehicle. The results will be compared with a control group where no letter will be sent. Results of this trial will be reviewed to evaluate the costs and effectiveness of the measure and to inform the approach for the future.

PAC Conclusion (4): Motorists who receive a VED late licensing penalty are not required to renew VED and the DVLA does not recover this lost income. The DVLA and the Department should recover income lost through late renewal, and should require all motorists to renew VED at the point of payment of the late licensing penalty.

8. At present, the legislative framework does not provide for enforced collection of back duty owed, nor can a keeper be forced to licence their vehicle. Late licensing penalties are issued directly from the record as part of the Continuous Registration (CR) scheme. The primary purpose of CR, when introduced in 2004, was to improve existing registration and licensing procedures by enhancing the accuracy of the vehicle register. CR late licensing penalty letters seek payment of both the penalty and the back duty owing, and prompt the keeper to re-license the vehicle or declare statutory off-road notification (SORN) as appropriate.

9. To pursue more effectively cases where late licensing penalties remain unpaid, and following a successful trial, the Agency has recently started using debt collection agents to pursue them. Contracts have been awarded on a no win, no fee basis. In order to recover back duty, debt collectors will receive further incentives for successfully encouraging keepers to re-licence and pay back duty. In addition, cases where re-licensing has not occurred will be flagged for possible further action and intelligence surrounding vehicles that remain unlicensed after a set period of time will be used to initiate further direct enforcement action, such as wheel clamping.

PAC Conclusion (5): Persistent evaders with a record of previous evasion are not targeted in the run up to their next VED renewal date. The DVLA and the Department should quantify the costs and benefits of introducing further monitoring and penalties for repeat evasion, and should find a way of targeting persistent evaders and reducing the number of “repeat” incidences of evasion.

10. An evader of a year's standing will already previously have been subject to escalating stages of enforcement action. If they have ignored those then the likelihood is that they will be unresponsive to similar future attempts to induce timely re-licensing. However, the Department is always seeking to improve enforcement against persistent evaders and will continue to consider how best to target them.

11. In the light of this the Agency is assessing the option of the development of a database to record the details of vehicles associated with persistent evasion and will use the intelligence to aid enforcement activity. Cases of use of unlicensed vehicles are penalised by the issue of Out of Court Settlement (OCS). Penalties take into account unpaid back duty and when unlicensed use cases are heard at Magistrates' Court, the Court can order back duty to be paid.

12. A major technological tool already in use by the Agency is the Unlicensed Vehicle Detector. This device, which is fitted to the Agency's ANPR vehicles, is used to detect unlicensed vehicles in use. When an unlicensed vehicle is detected, an out of court settlement (OCS) is sent to the registered keeper of the vehicle. Unpaid penalties are pursued via the Magistrates' Court.

PAC Conclusion (6): The Department removed the Secretary of State's target to reduce the "vehicle underclass" from the DVLA in March 2007 and it has not been allocated elsewhere in Government. The Department for Transport should re-introduce a target for tackling persistently unlicensed vehicles, whose owners are often associated with other forms of crime and allocate lead responsibility for meeting the target to a specific body within Government.

13. The Department's objective for the period to 2011 is to work with partners to keep evasion in traffic below 2.5 per cent. The Agency has a specific target to collect an additional £100 million in VED revenue from enforcement action over the period 2008-11. Keeping evasion at this level will necessarily involve tackling the underclass, and working with others such as the police and Local Authorities. The Department will continue to keep this under review, taking account of a second year of evasion estimates using the improved quality assurance procedures introduced for the 2007 roadside survey.

14. As the Committee states, for evasion to be tackled effectively, there is a need for effective working with partner organisations. Such partnership working, in addition to delivering the financial benefit of reducing evasion will also bring a wider benefit because of the established link between evasion and other criminality to which the Committee refers.

15. The Department is pro-active in encouraging the police and Local Authorities to take its devolved powers and work as agents in the clamping and removal of unlicensed vehicles. There are currently 92 devolved power partners utilising unlicensed vehicle clamping and removal powers. As take-up is not subsidised and is elective, this represents a significant achievement. The police give considerable additional help in tackling evasion through their action against motorists who drive without insurance, since many of these will also be unlicensed.

PAC Conclusion (7): The motorcycle evasion rate has risen to 38 per cent from 30 per cent the previous year, and enforcement action against this group has been mainly based on the DVLA records. The long-standing high and increasing levels of evasion critically undermine the credibility of the DVLA's current motorcycle enforcement regime. The Department and the DVLA need to target evading motorcyclists by making the most of their new powers to enforce VED off publicly maintained roads and by making their on-road enforcement more effective. Unless there is a marked reduction in rates of evasion, they should find alternative ways of tackling it, including impounding unlicensed motorcycles and issuing penalty points against motorcyclists' driving licences. The Department and the DVLA should also work with motorcycle industry bodies to reduce concern about the reliability of sampling methods used in measuring VED evasion by motorcyclists.

16. The Department is working to improve compliance among motorcyclists. The nature of motorcycles and their tendency towards more occasional use is recognised and work is underway to better understand the issues and identify ways in which motorcyclists can be helped to comply. Ongoing research includes engaging with motorcyclists and stakeholders with an interest to understand the barriers to compliance and to identify and review the possibilities for greater flexibility.

17. Motorcycle evasion remains a high priority for enforcement because motorcycles continue to have a higher risk of evasion compared to other classes of vehicles. The Department and the Treasury also recognise the importance of equitable tax treatment across all aspects of the Vehicle Excise Duty system and the role that the Agency's enforcement strategy has in ensuring this. Motorcycles are an enforcement challenge because the size of and position of number plates (rear only) makes detection by ANPR difficult; they are very manoeuvrable and can avoid roadside checks; and the ease of storing motorcycles off road and out of sight means they are much harder to track down. If they are parked off the public road there are currently no powers allowing seizure.

18. However, the Department has developed a dedicated enforcement strategy targeting motorcycles. This includes running hard hitting awareness campaigns, investing in improved ANPR to allow detection and targeting motorcycle events. In addition, from September 2008 the Department and the Agency will be using new powers, which enable us to seize vehicles, which are not on the public road. Motorcyclists who don't tax are at increasing risk of having their bikes seized.

PAC Conclusion (8): The DVLA does not collate or cross-reference its evasion data with that of other interested parties, for example Transport for London congestion charge evasion data. The Department for Transport, the DVLA and other Government Departments should draw up a strategy and detailed plans for sharing intelligence on evasion with each other and related organisations to target and reduce evasion by persistent evaders in particular.

19. The Department and the Agency are committed to making the best use of available data sources to boost intelligence on evader behaviour. We will continue to work in partnership with a variety of bodies including local authorities, Transport for London and the police. The Agency continues to provide data on vehicles with no licence and no registered keeper to all police forces to allow intelligence led policing using ANPR systems.

PAC Conclusion (9): Evasion is becoming more sophisticated and international, making it more difficult to tackle. Technological solutions, such as electronic chips in number plates, theft resistant plates and electronic sensors in vehicles, may become essential in the medium-term to help fight evasion. Technical and mandatory standards need to be agreed before some of these new technologies can be adopted. The Department should lead work with other enforcement agencies to develop Europe-wide standards to combat the growth in evasion.

20. The Department introduced the Registration of Number Plate Suppliers (RNPS) scheme in 2003. Proof of identity, entitlement to display the registration mark, and documentation linking the individual to the vehicle concerned are now required before a number plate is issued. Number plate suppliers must be registered with DVLA in order to lawfully supply number plates and must keep proper records relating to number plates supplied.

21. DVLA operates a team of officers to promote compliance with the rules and number plate suppliers found in breach of the regulations are subject to criminal proceedings and can be struck off the register. Legislative changes are in hand to extend the scheme to Scotland and Northern Ireland later this year. In addition, the Agency has been pro-active in developing a standard for theft resistant number plates that cannot be easily stolen from vehicles and cannot be re-used as whole number plates once removed. Two manufacturers have so far brought products to the market that meet the standard and options are being considered to promote the use of theft resistant plates by more motorists.

22. At present, the Department does not have robust data on the level of abuse of number plates, as a means of avoiding VED and other regimes, but anecdotal evidence suggests this is increasing. The Department is reviewing how number plate supply and use is regulated and this will include an assessment of the level of number plate evasion in order to categorise and define the possible different types of abuse. The results of this research will inform consideration of future strategies, which will include the scope for pan-European solutions.

23. The Agency supported the recent national police clampdown to tackle misrepresented number plates, issuing fixed penalty tickets as appropriate. The Agency is also acting on the reports generated to warn keepers of their obligations to properly display their registration marks and to target outlets identified as supplying non-compliant number plates.

24. During 2006 the Agency trialed the use of electronic chips to identify moving vehicles. The focus of the study was to understand how the technology might overcome the limitations of ANPR systems, help tackle number plate abuse and to determine whether the presence of an electronic chip would significantly improve the identification of vehicles on the road to increase compliance with road traffic legislation, reduce VED evasion and vehicle theft. The study concluded that Radio Frequency Identification (RFID) technology could work effectively in a range of conditions, including multiple lane traffic, extreme weather conditions and at extreme speed. The costs of introducing such systems are unlikely to be justifiable in the context of tackling VED evasion alone and there are therefore no plans to pursue the use of RFID technology for VED enforcement.

Sixth Report

Department of Health

Improving services and support for people with dementia

1. The Department of Health (the Department) welcomes this report by the Public Accounts Committee in which it examines the prevalence and costs of dementia, diagnosis and early intervention, support services and the experience of people with dementia in hospitals and care homes. The Department accepts the Committee's conclusions on the scale of the challenge posed by dementia, and the fact that this will be a problem of growing significance in forthcoming years.

2. The Department is pleased the Committee has acknowledged that the Government has now identified dementia as a national priority, and that the Department is now developing a national dementia strategy and implementation plan.

PAC Conclusion (1): There are over 560,000 people in the UK with dementia, costing the economy some £14 billion a year, yet dementia has not been a NHS priority. In response to C&AGs report, the Department is now developing a National Dementia Strategy. The Strategy should have a clear timetable for implementation and should include criteria for evaluation and reporting progress and addressing areas of under performance such as poor diagnosis or availability of interventions recommended by NICE. It will also require an effective communications strategy to engage patient groups, health and social care professionals, the Royal Colleges, health and social care inspectorates, and the voluntary sector, all of whom are essential to improving care for people with dementia.

3. The Department agrees that the strategy should have a clear timetable for implementation and that it should include criteria for evaluation and monitoring of progress. Public consultation on the strategy will begin in June 2008, and the final strategy and implementation plan will be published in October 2008. Given the priority being attached to the strategy, the needs of those with dementia have already been addressed in the NHS Operating Framework for 2008-2009 and in the Department's business plan.

4. The governance arrangements for developing the strategy include an external reference group (ERG). This includes a range of key stakeholders involved in providing services for people with dementia, as well as people with dementia and carers. The Chief Executive of the Alzheimer's Society, Neil Hunt, is chairing this group. The ERG has established three separate sub-groups to examine the issues of public and professional awareness, diagnosis, and quality of care. They have all been asked to produce recommendations on what is needed in the short, medium and long-term to best address the needs of people with dementia.

5. The Department agrees with the Committee that good communication is essential both in developing the strategy and in the implementation and monitoring phases. Contact has already been made with a range of stakeholders not represented on the ERG or its sub-groups. A series of 23 listening events is also currently taking place throughout England, involving people with dementia, carers, key NHS and social care staff, relevant voluntary bodies and others with an interest.

6. The formal consultation beginning in June will also involve further listening events to ensure that all views are taken into account. The Department will ensure that the final strategy and implementation plan will be widely publicised with an effective communication strategy in place.

PAC Conclusion (2): Unlike cancer and coronary heart disease there is no single individual with responsibility for improving dementia services. Without clear leadership there is a risk that dementia care will continue to lack priority. The Department should appoint a Senior Responsible Officer to drive through the dementia strategy, learning from the model used for cancer services.

7. David Behan, Director General for Social Care, Local Government and Care Partnerships, is the Senior Responsible Officer in the Department of Health for the development of the national dementia strategy. Separately, as David Nicholson confirmed at the committee hearing on 15 October 2007, the Government will consider as part of the strategy work whether there is a compelling case for a national clinical director.

8. The development of the strategy is being led jointly by Professor Sube Banerjee, the Department's senior professional advisor on older people's mental health, alongside Jenny Owen, Executive Director of Adults, Health and Community Wellbeing for Essex County Council. This is designed to ensure that professionals with both health and social care backgrounds are leading the strategy. In addition, the Dementia Strategy Programme Board, (which is chaired by David Behan and has overall responsibility for the delivery of the strategy) includes key individuals from across the Department to ensure that a coherent and coordinated programme of work is developed.

PAC Conclusion (3): Between half and two thirds of people with dementia never receive a formal diagnosis. Diagnosis should always be made, regardless of whether interventions are available. The rate of diagnosis could be significantly improved by GP practices receiving greater support from mental health services; by the Royal College of Psychiatrists and the Royal College of GPs developing a dementia care pathway including guidance on the importance of early diagnosis; and by the Institute of Innovation and Improvement promulgating good diagnostic practice.

9. The Department agrees with the conclusions reached by the Committee on the need for the diagnosis of dementia to be made in all cases and the importance of that diagnosis being made as early as possible. This is one of the main issues being addressed by those working on developing the strategy, with the involvement of key professionals. Similarly, the need for the generation of a clear and simple dementia care pathway has been identified as a central issue by those working on the strategy.

PAC Conclusion (4): There is poor awareness amongst the public and some professionals of dementia and what can be done to help people with the disease. The Department should commission a dementia awareness campaign to increase understanding of the symptoms of dementia, emphasising that there are interventions and treatments which can slow the progress of the disease and help people with dementia and their carers lead independent lives for longer.

10. The Department agrees with the Committee's conclusions on the need to improve public and professional awareness. There is currently a general low level of public and indeed professional understanding of dementia. There is also a widespread misattribution of symptoms to "old age" and a resultant unwillingness by some of those suffering from dementia, and their families, to seek help. This can be echoed in non-specialist professional groups, with a false view that there is little or nothing that can be done to assist people with dementia and their carers. There also remains within society a real problem of stigma and fear associated with dementia, which can delay early diagnosis and the accessing of good quality care.

11. The National Dementia Strategy will therefore focus on:

- developing a better understanding of dementia by public and professionals alike;
- ensuring that better information is provided on how to seek help and what help and treatment is available; and
- tackling the stigma and misunderstandings that currently exist.
- improving the education and training of all those working in the health service and social care to ensure that the needs of people with dementia are fully met. This will be a major cross-cutting theme to be addressed in the strategy.

12. As a first step, the Department has recently commissioned a public awareness campaign to be undertaken by the Alzheimer's Society. The Society will be sending a supply of leaflets to all GPs in England, to be made available for patients in surgeries. Copies will also be made available in pharmacies, libraries, community centres and other appropriate venues. The leaflet will encourage people who are worried about their memory or someone else's memory to talk to their GP, call the Alzheimer's Society helpline, go to the Alzheimer's Society website, or request more detailed information in an information booklet. The leaflet and booklet will be available in a range of languages and accessible versions.

13. The materials are intended to raise public awareness about dementia; to encourage people to seek help when appropriate; to enable the diagnosis of dementia earlier; and to signpost people to appropriate local help and support. Follow up evaluation will survey GPs, people who requested information, helpline call volumes, and booklet request volumes.

PAC Conclusion (5): People with dementia require support from multiple health and social care professionals but this is often difficult to manage. On diagnosis, people with dementia and their carers should be given a single health or social care professional contact point to improve the co-ordination of care between the various services and professionals. The contact point could be a social worker or a community psychiatric nurse, for example.

14. The Committee has rightly acknowledged the difficulty of managing the course of this complex illness over the passage of time, given the number of different health and social care professionals that may need to be involved as needs develop and change. The Department agrees that an identified single point of contact is desirable for people with dementia and their carers, to coordinate care over time. This is being considered by the ERG sub-group on the quality of care, and will be addressed explicitly in the final strategy.

PAC Conclusion (6): Between half and two thirds of carers do not receive the carers assessment to which they are entitled. Carers often struggle to cope with caring for a relative with dementia at home, particularly if the person with dementia has challenging behaviour, leading to costly admission to a care home or hospital. The Department should emphasise to local health organisations and their social care partners that they need to develop an action plan which gives priority to assessing and meeting the needs of carers. The Department should develop a commissioning toolkit to help demonstrate the cost benefits of the different options for providing support, including respite and domiciliary care.

15. The Department accepts that not enough carers receive the carers assessment to which they are entitled. The Government is currently considering ways in which the assessment process can be improved in the context of the review of the Prime Minister's carers' strategy, which will set out the Government's "New Deal for Carers". The Department will be funding an advice line for carers, one of the aims of which will be to ensure that they are aware of their rights including the right to an assessment. Furthermore, in preparation for the new carers' strategy, the Department has incorporated a specific reference in the NHS Operating Framework to the importance of supporting carers.

16. There are similar references in guidance on practice based commissioning and in the guidance covering joint strategic needs assessments. The aim of these various measures is to ensure that the new local performance framework recognises the importance the Government attaches to supporting carers. Improvements in the identification of cases of dementia resulting from the strategy will also mean that carers can be identified and appropriate assessments completed.

PAC Conclusion (7): 62 per cent of care home residents are currently estimated to have dementia but less than 28 per cent of care home places are registered to provide specialist dementia care. Few care Home staff have specialist-nursing qualifications or have been trained in dementia care. There is high turnover of staff and high vacancy levels and some staff do not have English as a first language. Poor standards of care have resulted in instances of inappropriate medicines management and complaints that people are not afforded sufficient dignity and respect. The Commission for Social Care Inspection should assess staff qualifications and training as part of its review of the quality of care for people with dementia, and local mental health services should use the findings when allocating resources to community psychiatric teams so they can provide adequate out-reach services to support care homes.

17. The issue of registration of care homes providing for people with dementia is not straightforward. Guidance issued by the Commission for Social Care Inspection makes clear that not all services that provide support for people who have a diagnosis of dementia must be registered as providing dementia care. Nor does it mean that a care home that is not so registered is unable to support a person with a diagnosis.

18. Most people with dementia are supported by general services in their own home, or in a non-specialist care home, and this is entirely appropriate. Specialist mental health services should be targeted to those people who have more complex needs and require a higher level of expertise in their management and treatment. However, the Department needs to be confident that the services offered by all care homes fully meet the needs of all those residents with dementia. This will be considered by those working on developing the strategy, as will the issue of registration.

19. As has already been mentioned, those working on developing the dementia strategy are focusing very closely on the issue of the education and training of staff. The Department recognises that a majority of people in care homes have different types and degrees of dementia, and the proportion is likely to increase over time. All the more reason therefore why staff in care homes should be appropriately trained to care for residents with dementia. This will be a key issue to be addressed in the dementia strategy.

PAC Conclusion (8): Hospital care for people with dementia is often not well managed, increasing the risk of longer stays, admission to a care home and deterioration in the patient's health. Hospital staff generally focus on the physical reason for admission and can fail to identify or deal with dementia as a disease, resulting in longer stays and poorer outcomes than for people who are psychiatrically well. To improve the cost effectiveness of acute care, families of people with dementia should hold a copy of the care record so that paramedics will be able to make an informed decision whether the person needs to be taken into hospital or can be treated at home. For older patients admitted and known or suspected to have cognitive impairment, hospitals should routinely undertake a mental health assessment.

20. The Department agrees with the Committee that general hospital care for people with dementia is not always optimal. This is likely to be due in part to the levels of training for the different staff involved, but also to internal management of care procedures. The quality of care in acute settings will be addressed by the strategy, and is currently being examined by the ERG sub-group on the quality of care. There will be a need to improve the general skills of hospital staff and also a need to enable the availability of specialist input into general hospitals.

21. The Committee's recommendations on families holding a copy of the care record, and on hospitals undertaking a mental health assessment for people with cognitive impairment, will be considered by the strategy working group.



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