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Progress report on the implementation of Government accepted recommendations of the Committee of Public Accounts - Sessions 2010-12, 2012-13 and 2013-14

Cm 9034

March 2015

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This publication provides a progress report on the implementation of the recommendations of the Committee of Public Accounts that have been accepted by Government.

This is one of a series of progress reports. Details of Committee recommendations that were implemented previously can be found in earlier progress reports or the original Treasury Minute response.

References to the original Treasury Minutes and earlier progress reports are provided within this publication.

Presented to Parliament by the Economic Secretary to the Treasury by Command of Her Majesty

Cm 9034 March 2015

TREASURY MINUTES DATED 10 JULY 2014 - PROGRESS REPORT ON THE IMPLEMENTATION OF GOVERNMENT ACCEPTED RECOMMENDATIONS OF THE COMMITTEE OF PUBLIC ACCOUNTS - SESSIONS 2010-12 AND 2012-13.

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Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts: Session 2010-12

Updates on recommendations, previously reported as work in progress, are included in this update:

The recommendations in the reports below were previously fully resolved and are not included in this update:

#	Report Title
2	Delivering multi-role tanker aircraft capability
3	Tackling equalities in life expectancy in areas with the worst health and deprivation
4	Progress with value for money savings and lessons for cost reduction programmes
6	Cafcass's response to increased demand for its services
7	Funding the development of renewable energy technologies
8	Customer First Programme: delivery of student finance
9	Financing PFI projects in the credit crisis and the Treasury's response
11	Community Care Grant
12	Central Governments use of consultants and interims
13	Department for International Development's bilateral support to primary education
14	PFI in housing and hospitals
16	Ministry of Justice Financial Management
18	HM Revenue and Customs 2009-10 Accounts
19	M25 Private Finance Contract
20	OFCOM: the effectiveness of converged regulation

The recommendations in the reports below were previously fully resolved and are not included in this update:

#	Report Title
22	Excess Votes 2009-10
23	Major Projects Report 2010
27	Managing civil tax investigations
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29	BBC's management of its digital media initiative
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First Report of Session 2010-12

Department for Work and Pensions

Support to incapacity benefits claimants through Pathways to Work

Summary of the Committee's findings

During 2008-09, the Department for Work and Pensions paid £12.6 billion in incapacity benefits to 2.6 million people who were unable to work because of disability or ill health. The Pathways to Work programme was launched nationally between 2005 and 2008 to help reduce the number of incapacity benefit claimants through targeted support and an earlier medical assessment. It is delivered by contractors in 60% of districts, with Jobcentre Plus providing the service in the remainder. By March 2010, the programme had cost an estimated £760 million. The numbers on incapacity benefits reduced by 125,000 between 2005 and 2009. Pathways contribution to this reduction has been much more limited than planned.

Background resources

- NAO report: *Support to incapacity benefits claimants through pathways to work* - Session 2010-12 (HC 21)
- PAC report: *Support to incapacity benefits claimants through pathways to work* -Session 2010-12 (HC 404)
- Treasury Minute: December 2010 (Cm 7987)
- Treasury Minute – progress on implementing recommendations: January 2012 (Cm 8271)
- Treasury Minute – progress on implementing recommendations: February 2013 (Cm 8539)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 10 recommendations in this report. As of the last Treasury Minute (Cm 8899), 8 recommendations were implemented and the department disagreed with 1 recommendation. 1 recommendation remains work in progress, as set out below.

9: Committee of Public Accounts conclusion:
As the Employment and Support Allowance is extended to all existing claimants, there is a risk that some of those who are re-assessed and found fit to work will not receive the employment support they need.

Recommendation:
The department should evaluate the accuracy of the new medical assessment robustly to evaluate that it is fit for purpose.

9.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2015.

9.2 The department agrees that those who are found fit for work should receive the support they need to move into work. The department keeps the Work Capability Assessment (WCA) under continuous review and had a statutory duty to independently review the WCA annually for the first five years of its operation.

9.3 All five of these independent reviews have now been published: the first three by Professor Malcolm Harrington and the final two by Dr Paul Litchfield. Dr Litchfield's final review, published on 27 November 2014, focussed on the implementation of the recommendations from previous reviews, concluding that reasonable progress has been made, but that more work is needed on some of the recommendations. The department will formally respond to Dr Litchfield's latest recommendations in due course.

9.4 In December 2013 the department also published the results of the Evidence Based Review, a systematic review of the existing descriptors against an alternative version developed in consultation with charity groups. The findings indicate that overall, the WCA is a valid assessment relative to experts' opinions about people's fitness for work.

Fifth Report of Session 2010-12

Department for Transport

Increasing passenger rail capacity

Summary of the Committee's findings

The Department for Transport is eighteen months into a five-year, £9 billion investment programme to improve rail travel, in particular by increasing the number of passenger places on trains by March 2014. This was to be achieved by a combination of longer platforms and other station improvements and more carriages coming into London and other major cities during peak hours. The Department is responsible for securing the extra places on trains from train operators. The Office of Rail Regulation (ORR) is responsible for ensuring Network Rail delivers infrastructure efficiently.

Background resources

- NAO report: *Increasing passenger rail capacity* -July 2010 (HC 33)
- PAC report: *Increasing passenger rail capacity* -November 2010 (HC 471)
- Treasury Minute: February 2011 (Cm 8014)
- Treasury Minute – progress on implementing recommendations: February 2012 (Cm 8271)
- Treasury Minute – progress on implementing recommendations: February 2013 (Cm 8539)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations were implemented and the department disagreed with 1 recommendation. 3 recommendations remained work in progress, of which 2 recommendations have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
All but one of the fifteen English rail franchises have no requirements for the operator to meet demand without excessive overcrowding, and so the taxpayer usually has to provide additional funding for extra carriages.

Recommendation:
For future rail franchises, the department should impose clear obligations on operators to avoid overcrowding, and to bear the costs of meeting that obligation themselves.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Government believes that in franchises of between 8 and 10 years, the cost of transferring this risk to the private sector would significantly impact on the value of the franchise to the taxpayer. Risk transfer is being managed on a case by case basis, where it is in the best interests of the taxpayer.

1.3 As such, in the InterCity East Coast franchise competition, where the Government had invested in new rolling stock (Intercity Express Programme) and where demand is more elastic so that sufficient commercial drivers exist on the operator to provide sufficient capacity to meet demand, no such obligations were deemed necessary.

1.4 The Government will continue to consider the Committee's recommendation in the context of each new franchise competition.

2: Committee of Public Accounts conclusion:
The current round of planning relied heavily on buying extra carriages and on extending platforms to accommodate longer trains but this approach cannot go on indefinitely. Clearly, alternatives must be found to meet the capacity challenge in the future.

Recommendation:
The department should vigorously pursue and promote smart ticketing and other demand management techniques to reduce the inefficiencies of overcrowding in peak hours and underused rolling stock at other times.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The department set out its strategy to move this agenda forward in the 2013 publication *Rail Fares and Ticketing: Next Steps*. This set out that how the department anticipates being able to realise the full benefits of smart ticketing in 10-15 years, and how the department can secure early wins in securing the long-term strategy. The first element of the delivery approach, which was to implement the South East Flexible Ticketing (SEFT) Programme is well underway. In 2014 Southern began a trial of flexible ticketing products with all Greater South-East train companies implementing SEFT from 2015. The department also envisaged, subject to the success of SEFT and future funding, further programmes elsewhere. A programme to deliver smart ticketing for rail in the north is getting under way.

2.3 The report ruled out 'super-peak pricing' as a form of demand management as this would impose a burden on hard-pressed commuters. The report provided support for other potential measures to reduce crowding, including train companies publishing more train specific crowding information. In December 2014 the department met its commitment to running a competition to invite train companies to trial flexible ticketing, which the department anticipates will be delivered over the next two to three years. To support ongoing delivery, the department established a smart ticketing task group involving stakeholders, such as local authorities.

3: Committee of Public Accounts conclusion:
The department's knowledge of how many people use which parts of the rail network and when is inadequate, sketchy and so gives a poor basis for decision making.

Recommendation:
The department should require all new train carriages, whether procured by the department itself or by franchisees, to be fitted with automatic passenger counting equipment to show how many people are travelling on what trains and when. It should require franchisees to provide useful and verifiable data from that counting.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: June 2015.

3.2 The department continues to seek automatic passenger count systems in new train fleets, and with a range of rolling stock due for delivery, notably a number of expected IEP trains in coming years, significant improvement is expected. The department is actively working with the train operators to ensure that data are supplied, and to improve the quality and quantity of those data. It has contracted for the provision of a rail passenger counts database, which will be progressively introduced during 2015. It is intended that the counts database will be a resource for the industry and not just for the department, and that the train operators therefore have a strong incentive to be part of this. Future franchise agreements will oblige train operators to provide the data needed to make the database a success.

Tenth Report of Session 2010-12

Ministry of Defence

Managing the Defence budget and estate

Summary of the Committee's findings

The Ministry of Defence is responsible for over £42 billion of annual expenditure. While it has managed to stay within budget each year, it has failed to exercise the robust financial management necessary to control it resources effectively in the long term. It has also failed to match its future plans to a realistic assessment of the resources available. There is a shortfall in planned expenditure against likely funding of up to £36 billion over the next ten years. The Strategic Defence and Security Review did not explicitly set out how this long-standing gap between defence spending and funding would be resolved. It is imperative that the department should now do so.

Background resources

- NAO report: *A defence estate of the right size to meet operation needs* - Session 2010-11 (HC 70)
- NAO report: *Strategic Financial Management of the Defence Budget* – Session 2010-11 (HC 290)
- PAC report: *Managing the Defence Budget and Estate* - Session 2010-12 (HC 503)
- Treasury Minute: February 2011 (CM 8014)
- Treasury Minute – progress :on implementing recommendations: January 2012 (Cm 8271)
- Treasury Minute – progress :on implementing recommendations: February 2013 (Cm 8539)
- Treasury Minute – progress :on implementing recommendations: July 2014 (Cm 8899)

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 8899), 6 recommendations were implemented. 2 recommendations remain work in progress, as set out below.

7: Committee of Public Accounts conclusion:
The department has not defined high level criteria or metrics to judge whether it is using its estate efficiently.

Recommendation:
The department should define the size and type of estate needed to fulfil the tasks required of it.

7.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2015.

7.2 The department recently appointed Capita, working with URS and PA Consulting as its Strategic Business Partner (SBP) to lead and manage the Defence Infrastructure Organisation. One of the key deliverables is the development of the Footprint Strategy defining the future locations of MOD sites, identifying the essential elements and those surplus to requirements.

7.3 This is being enabled by the implementation of the Infrastructure Management System (IMS) which provides a source of reliable data for the strategic function and also automates and standardises many of the processes for day-to-day management of the estate. The functionality for the second release (Release 1) was delivered on time and within budget. The DIO has started to benefit from the centralised, comprehensive and up-to-date record of the Department's Property Assets maintained on the IMS. The DIO is working with the MOD Corporate Information Officer and Crown Commercial Services, to plan the development and implementation of Releases 2 and 3. It is anticipated that both will be delivered according to revised and approved timelines.

8: Committee of Public Accounts conclusion:
The department does not have a good central data to inform decision making about its estate.

Recommendation:
The department should have systems in place to collect this data within 12 months, and certainly well before signing its next generation of major estates contracts. The Committee expects the department to report back on the progress it has made within six months

8.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2015.

8.2 The central dataset maintained within the IMS is now the primary source to support ongoing strategic decision making regarding estate utilisation and investment.

8.3 An interface to the Government-wide Electronic Property Information Management System (e-PIMS) has also been established to contribute to the overall dataset for Government property and has supported the recent Surplus Property and Land Review.

8.4 Release 1 of the IMS functionality went live in November 2014. The core functionality of the IMS will be delivered in the summer of 2015 providing a single integrated source of estate information. In light of lessons learned from the initial release and to harness the full capability of the overall IMS, the programme has been extended by a further 18 months through to Spring 2017.

Fifteenth Report of Session 2010-12

Department for Education

Educating the next generation of scientists

Summary of the Committee's findings

A strong supply of people with science, technology, engineering, and maths skills is important for the UK to compete internationally. The starting point is a good education for children and young people in science and maths. The Department for Education has made impressive progress on aspects of science and maths secondary education. The numbers studying separate GCSE biology, chemistry and physics have risen by almost 150% between 2004-05 and 2009-10. There has been a rapid increase in the number of pupils taking A-level chemistry and maths, though physics has increased more slowly. Attainment has also improved as take-up has increased.

Background resources

- NAO report: *Educating the next generation of scientists* - Session 2010-12 (HC 492)
- PAC report: *Educating the next generation of scientists* - Session 2010-12 (HC 632)
- Treasury Minute: March 2011 (Cm 8042)
- Treasury Minute – progress on implementing recommendations: July 2012 (Cm 8387)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 8899), 7 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
There is evidence that some school science laboratories are poor quality and even unsafe, but the department has no data on the extent of the problem.

Recommendation:
The department should work with Ofsted and others who have looked into the problem, such as the Royal Society of Chemistry, to understand the scale of the challenge faced. It should ensure that all available relevant information is used in its current review of capital spending, so that the review includes a full assessment of the urgency of this requirement alongside other demands on the capital budget.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The department has made over £5 billion available for the maintenance of school buildings during this Parliament, and in addition to this, is rebuilding or refurbishing 261 schools under the centrally managed Priority School Building Programme. In the 2013 Spending Round, the department secured a long term settlement for the next six years for school maintenance funding totalling £10.5 billion. To enable it to target this funding at the schools with the greatest need, the department carried out condition surveys across the education estate. Schools that had been modernised within the last ten years prior to the survey were excluded. The surveys have been completed and are being used in funding allocations from 2015-16 onwards.

Seventeenth Report of Session 2010-12

Department for Education

The Academies Programme

Summary of the Committee's findings

Academies are state schools which are independent of local authorities and directly accountable to the Department for Education. They were originally intended to raise educational standards and aspirations in deprived areas, often replacing schools with long histories of under-performance. From May 2010 the Programme was opened up to all schools, creating two types of academy: 'sponsored' academies, usually established to raise educational standards at under performing schools in deprived areas; and 'converters' created from other types of school, with outstanding schools permitted to convert first. By 5 January 2011, there were 407 academies: 271 sponsored and 136 converters.

Background resources

- NAO report: *The Academies Programme* - Session 2010-12 (HC 288)
- PAC report: *The Academies Programme* - Session 2010-12 (HC 552)
- Treasury Minute: March 2011 (Cm 8042)
- Treasury Minute – progress on implementing recommendations: February 2013 (Cm 8387)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 8899), 7 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

6: Committee of Public Accounts conclusion:
The department has failed to collect all the financial contributions due from sponsors.

Recommendation:
The department should clarify the status and recoverability of these outstanding debts, negotiate clear and realistic payment schedules with the relevant sponsors, and monitor repayment.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: July 2016.

6.2 Given the very different nature of the agreements made with each of the sponsors, the process has proved both difficult and lengthy. The department was unable to finalise arrangements with sponsors by March 2013. Nevertheless, some academies do now have regimes in place to collect outstanding sponsorship. The department continues in its efforts to ensure that agreements are in place for all academies with outstanding sponsorship, and expects to finalise arrangements by July 2016.

Twenty First Report of Session 2010-12

Ministry of Justice

Youth Justice System in England and Wales: reducing offending by young people

Summary of the Committee's findings

The Youth Justice Board has been effective in leading reform within the youth justice system and diverting resources to the offenders most at risk of committing future crimes. Since 2000, the number of young people entering the youth justice system, the number held in custody and the amount of reoffending committed by young people, have all fallen. Youth custody, which is expensive relative to other ways of dealing with young offenders, has fallen during a period when the number of adults in custody has continued to rise. This is a particularly noteworthy achievement, and one in which the Board has played a central part.

Background resources

- NAO report: The youth justice system in England and Wales: Reducing offending by young people - Session 2010-11 (HC 663)
- PAC report: *The youth justice system in England and Wales: Reducing offending by young people* - Session 2010-11 (HC 721)
- Treasury Minute: May 2011 (Cm 8069)
- Treasury Minute – progress on implementing recommendations: July 2012 (Cm 8387)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There was 1 conclusion and 9 recommendations in this report. As of the last Treasury Minute (Cm 8899), 7 recommendations were implemented and 1 recommendation was no longer being implemented. 1 recommendation remains work in progress.

6: Committee of Public Accounts conclusion:
The Board lacks sufficient knowledge of what interventions are being used by Youth Offending Teams and how well they are working and, consequently, it cannot disseminate best practice effectively.

Recommendation:
The Board should be much more active in building its knowledge of commonly used interventions, understanding their effectiveness, and disseminating this information to Youth Offending Teams across England and Wales, including by providing example course material and content.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: March 2016.

6.2 Good progress has been made since implementing the Effective Practice Framework, with 200+ practice examples on the Effective Practice Library. Following restructuring, the YJB is intending to re-launch its approach to Effective Practice as part of the YJB's strategic vision for 2015-18, developing a 'centre for excellence' for youth justice. The new approach brings Effective Practice closer to organisational core work, increasing the YJB's capacity to identify and disseminate effective practice information. The programme of work supporting development of the Centre of Excellence commences March 2015, subject to Board endorsement, ongoing 2015-16. Anticipated key milestones to be finalised include a soft launch of the new approach, communicated to the sector Summer 2015.

6.3 The YJB is working to deliver a new ‘evidence, learning and resources’ hub hosting a Library of Effective Interventions and Approaches, bringing together materials relating to wider research and workforce development issues. Enhancing the functionality of the existing YJB Effective Practice Library, this provides better integration with Youth Justice Interactive Learning Space (YJILS). Following sector consultation, the YJB has developed a full list of requirements for technical development. The new approach will provide the YJB with the means to digitally disseminate information to the sector effectively and increase its impact and uptake.

Twenty Fourth Report of Session 2010-12

Department of Health

Delivering the Cancer Reform Strategy

Summary of the Committee's findings

Each year in England, around 255,000 people are diagnosed with cancer and around 130,000 die from the disease. The NHS spent £6.3 billion on cancer services in 2008-09. Tackling cancer has been a priority for the Department of Health since its ten year NHS Cancer Plan was published in 2000. In 2007 the department published its five year Cancer Reform Strategy to deliver improved patient outcomes.

Background resources

- NAO report: *Delivering the cancer reform strategy* - Session 2010-11 (HC 568)
- PAC report: *Delivering the cancer reform strategy* - Session 2010-11 (HC 667)
- Treasury Minute: May 2011 (Cm 8060)
- Treasury Minute progress update: July 2012 (Cm 8387)
- Treasury Minute progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 5 recommendations had been implemented. 2 recommendations remained work in progress, of which 1 has now been implemented, as set out below.

5: Committee of Public Accounts conclusion:
A particular problem is the paucity of data in most regions about the stage that a patient's cancer has reached at the time of diagnosis.

Recommendation:
The department should ensure that staging data is complete and timely in at least 70% of cases in each region by the end of 2012.

5.1 The Government partially agreed with the Committee's recommendation.

Recommendation implemented.

5.2 By the end of 2014, Public Health England had the stage data for all stageable tumours of the eleven most common cancer sites (80% of all cancers diagnosed), for 2013 diagnoses. This took longer than expected due to the complexity of transferring the twelve English Cancer Registries into the National Cancer Registration Service and migration to a single national cancer registration system (ENCORE).

8: Committee of Public Accounts conclusion:
The numbers of cancer survivors is expected to increase from 1.7 million in 2010 to 2 million by 2020, yet the department is unable to measure whether it is delivering on its commitment of more cost-effective provision of follow-up and care outside hospital.

Recommendation:
The department should identify and disseminate examples of good practice where savings and benefits to patients are identified and evaluate what impact alternative approaches to follow-up care have on hospital activity.

8.1 The Government partially agreed with the Committee's recommendation.

Target implementation date: March 2016.

8.2 New models of follow-up for people with cancer have been evaluated and are now being implemented across England. Resources to help implementation have been published including a *How to Guide*.

8.3 The economic assessment of the pilots has been published as a NICE Quality and Productivity case study. Progress implementing these stratified pathways is now being assessed at Strategic Clinical Network and clinical commissioning group level. This assessment forms part of the work plan for the two-year *Living with and beyond cancer* programme which commenced in June 2014 and aims to facilitate embedding these priorities into mainstream commissioning and service provision by 2016.

Twenty Fifth Report of Session 2010-12

Department for Work and Pensions

Reducing errors in the benefit system

Summary of the Committee's findings

The benefits system is large and complex. There are around 30 different types of benefits and pensions, and £148 billion was paid out to 20 million people in 2009-10. The Department for Work and Pensions estimates that £2.2 billion of overpayments and £1.3 billion of underpayments were made in 2009-10 as a result of administrative errors by its staff and mistakes by customers. Whilst the value of these errors as a proportion of total benefit expenditure is low, the amounts involved are still very significant sums of public money and have contributed to the department's accounts being qualified for 22 consecutive years.

Background resources

- NAO report: Minimising the costs of administrative errors in the benefit system- Session 2010-11 (HC 569)
- NAO report: Reducing losses in the benefits system caused by customers' mistakes-Session 2010-11 (HC 704)
- PAC Report: Reducing errors in the benefit system-Session 2010-11 (HC 668)
- Treasury Minute: May 2011 (Cm 8069)
- Treasury Minute- progress on implementing recommendations: July 2012 (Cm 8387)
- Treasury Minute- progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations were implemented. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
The department does not know which of its interventions have the biggest impact on reducing error because it has undertaken only a partial assessment of their costs and benefits.

Recommendation:
The department should complete a full cost-benefit assessment of each intervention, and keep these up to date, so that resources can be targeted on the interventions that are most cost effective at reducing error.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Fraud Error and Debt (FED) Programme has developed a business case which includes the costs, benefits and Net Present Value of each project and initiative under the scope of the Programme. The Business Case is updated regularly and includes the addition of any new initiatives. As projects and initiatives mature and progress, the costs and benefits are amended accordingly. The Programme monitors the costs and benefits each month to compare the actual benefits delivered against those forecast. The Major Projects Authority recently reviewed the Programme and described its benefit management as an exemplar across Government.

3.3 Working with the NAO, the department has built a stronger picture of fraud and error in Pension Credit, Housing Benefit and Jobseekers Allowance and is developing robust strategies to address key causes of fraud and error. In addition, the department has put in place a FED Strategic Dashboard, which brings together a broad range of datasets to inform short/long term Fraud and Error

strategy and drive operational activity. This dashboard includes information on overpayment detection, error types that remain undetected, what requires quicker detection, the productivity of FED activities and trends across time.

4: Committee of Public Accounts conclusion:
The department does not have a sound understanding of where and why errors arise and is not doing enough to prevent errors entering the system in the first place.

Recommendation:
The department needs to improve its use of data to help it identify sources of error and prevent mistakes from occurring.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The department uses a range of data to ensure operational activity is targeting error. The department's Fraud and Error measurement system is widely regarded as one of the best in Government, with results meeting National Statistics standards. This measurement system samples 30,000 benefit recipients each year and the data - published every 6 months - underpins the department's fraud and error strategies.

4.3 The development of a Fraud and Error Operations Centre combines insight and analysis to set priorities for the Fraud and Error Service. Since April 2014, this has led to increasing investigation and compliance activity and to the testing of new risk data matches. The use of HM Revenue and Customs (HMRC) Real Time Information since August 2014 further increases the department's capacity to reduce error by detecting undeclared earnings and non-state pension.

4.4 The department continues to obtain data samples from different sources to establish a case for further data-shares. Examples include matching departmental data with the Audit Commission's National Fraud Initiative data, using HMRC Tax Credit data to help identify instances of undeclared partners and matching with National Hunter financial sector data to identify both undeclared partners and undeclared work.

Twenty Sixth Report of Session 2010-12

Department of Health

Management of Hospital Productivity

Summary of the Committee's findings

The past decade has seen consistent, significant increases in hospital funding. This was designed, in part, to deliver more productive behaviour. However, hospital productivity growth has fallen. The Department's design and the NHS's implementation of national initiatives were predominantly focused on increasing capacity, quality and outcomes of healthcare whilst maintaining financial balance, rather than on realising improvements in productivity. Whilst hospitals have used their increased resources to deliver many of the national priorities, hospitals need to provide more leadership, management and clinical engagement to optimise the use of additional resources and deliver value for money.

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Background resources

- NAO report: *Management of Hospital Productivity* – Session 2010-12 (HC 491)
- PAC report: *Management of Hospital Productivity* – Session 2010-12 (HC 741)
- Treasury Minute: May 2011 (Cm 8060)
- Treasury Minute – progress on implementing recommendations: July 2012 (Cm 8387)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations to this report. As of the last Treasury Minute (Cm 8899), 5 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below,

2: Committee of Public Accounts conclusion
The department has not been successful in improving hospital productivity.

Recommendation:
Though the increased money going into the NHS has helped to reduce waiting times, improve facilities, and deliver higher quality care, the department promised at the same time to improve productivity. It failed and, in future, the department needs to have a more explicit focus on improving hospital productivity if it is to deliver its ambitious savings targets without healthcare services suffering.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The department has set up a stronger system of governance led by Ministers, involving NHS England, Monitor, and the NHS Trust Development Authority, to ensure that it meets the savings requirements set out in its 2013 SR settlement. This work includes a focus on hospital productivity and system wide efficiencies, and will be vital in ensuring the health system remains in financial balance.

1.3 The most authoritative measure of NHS productivity in England, (York Centre for Health Economics), shows total factor productivity was positive in 2010-11 and 2011-12. This is the first time since these series began that productivity has been positive for two consecutive years. The department is working with partners to understand recent trends and drivers of provider productivity and further measures to help trusts improve productivity. The Five Year Forward View argued that new models of care should deliver step change in efficiency, and technology will also be a key enabler of productivity improvements.

Thirty Third Report of Session 2010-12

Department of Health

National Health Service Landscape Review

Summary of the Committee's findings

The Health and Social Care Bill, published on 19 January 2011, proposes a new model for the NHS focusing on patient outcomes. The proposals are intended to transform the NHS in England into a highly devolved, market-based model in which local commissioners and providers of health services are freed from central control, with an increased say for local authorities, patients and the public. The two significant structural changes proposed in the Bill are the abolition of the current structure of commissioners of health services and the regional organisations that oversee them (primary care trusts and strategic health authorities), and the creation of the NHS Commissioning Board and GP commissioning consortia to make commissioning more clinically led. The Government also expects all health service provider trusts to become Foundation Trusts by 2014.

Background resources

- NAO Report: *National Health Service Landscape Review* - Session 2010-12 (HC 708)
- PAC Report: *National Health Service Landscape Review* - Session 2010-12 (HC 764)
- Treasury Minute: September 2011 (Cm 8179)
- Treasury Minute - progress on implementing recommendations: July 2012 (Cm 8387)
- Treasury Minute - progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 6 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
The department acknowledges that it may not be able to achieve all the savings intended under its efficiency programme.

Recommendation:
The department needs to monitor the savings and report regularly on progress against the target.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The department is working closely with all its partner organisations on monitoring the delivery of efficiencies across the health and care system. Until April 2013 the department used Integrated Performance Measures (IPMs), covering quality, resources and reform as laid out in the Operating Framework for 2012-13. These were used to ensure that the NHS was on track to deliver the QIPP challenge and maintain quality. These IPMs were published regularly in *The Quarter*, the quarterly update that was made available on the department's website.

4.3 In the reformed health system, all organisations have a role to play in ensuring the required efficiency improvements are delivered, with NHS England having a particularly crucial responsibility. Ensuring the delivery of unprecedented value for money improvements is an objective set in the Government's mandate to NHS England. To assess progress against this objective, NHS England measures QIPP performance by NHS commissioners against phased plans on a monthly basis as part of its finance report. This report is published online included within NHS England's board papers. Monitor and the NHS Trust Development Authority also regularly publish estimates of NHS trusts' and foundation trusts' delivery of efficiency improvements through their cost improvement plans.

4.4 The department is also undertaking central assurance monitoring, comparing NHS performance data against Spending Review planning assumptions and reporting this progress quarterly to the Departmental Board and the Treasury. The Health Select Committee of the House of Commons holds the department to account on efficiency performance annually as part of its Public Expenditure Inquiry. It is this assurance and monitoring of the hard work done by the NHS to deliver these savings that has ensured that the NHS is on track to deliver up to £20 billion efficiency savings by 2015.

Thirty Fourth Report of Session 2010-12

Home Office

Immigration: the Points Based System – work routes

Summary of the Committee's findings

The Government's policy is to allow the migration of skilled workers to the UK to support economic growth and better public services. The Home Office (the Department) has overall responsibility for immigration policy and securing the UK's border, which it discharges through the UK Border Agency (the Agency). The Agency has the hugely difficult task of designing and operating an immigration system which enables the UK to get the skills it needs, while protecting the interests of workers already resident in this country.

Background resources

- NAO report: *Immigration: the Points Based System – Work Routes* - Session 2010-11 (HC 819)
- PAC report: *Immigration: the Points Based System – Work Routes* - Session 2010-12 (HC 913)
- Treasury Minute: July 2011 (Cm 8129)
- Treasury Minute – progress on implementing recommendations: July 2012 (Cm 8387)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 5 recommendations were implemented. 2 recommendations remained work in progress, of which 1 has now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The Agency has not done enough to ensure that migrant workers leave the UK when they no longer have a right to remain.

Recommendation:
The Agency should not use the lack of exit controls as an excuse to ignore thousands of people who overstay in this country illegally. It should develop a strategy to identify and deal with those overstaying, including students, workers and others who are in the UK illegally, and report publicly at least once a year on progress in reducing their numbers. We will return to this topic in due course to evaluate progress.

2.1 The Government partly agreed with the Committee's recommendation.

Target implementation date: April 2015.

2.2 The department, supported by Capita, has followed up on 509,400 records (338,900 from the post-2008 MRP and 170,500 pre-2008) of individuals in the Migration Refusal Pool (MRP) since December 2012. 1 in 5 people assessed have departed (101,300). In total, since Q1 2013, more than 430,000 records are no longer in the MRP due to having departed, having new leave to remain or having submitted new applications.

2.3 As part of the department's approach to managing those who overstay, all applications subject to a negative decision will be subject to active contact management. This will ensure that no one is ignored. Suitable cases will be put straight into formal reporting until their departure and others detained immediately following a negative decision.

2.4 The Act has enabled the department to introduce a range of measures to reduce the attractiveness of the UK for those here illegally. It is now not possible to open a bank account, rent a property or marry without evidence of lawful status. Further routine data matching with Her Majesty's Revenue and Customs and Driver and Vehicle Licensing Agency is identifying those working illegally and revoking driving licences.

5: Committee of Public Accounts conclusion:
There are wide variations in productivity between the Agency's UK-based and overseas operations, and between different regions, which the Agency cannot fully explain. The Agency's visiting officers are not as productive as they should be.

Recommendation:
The Agency should investigate known areas of difference in productivity and focus greater effort on ensuring that staff in all locations work as productively as possible.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The average number of visits per Sponsorship Compliance Officer per month is no longer an appropriate measure of productivity as the nature of the compliance work has evolved over the last 12 months. Compliance Officers now adopt a more investigative approach. For example, some of the Tier 4 audits completed as part of the department's response to the Educational Testing Service investigation concerning abuse of English Language Testing involved around 20 Compliance Officers and were completed over a number of days.

5.3 The department has increased the productivity of its compliance network in a number of ways. Structures have been reviewed and there are now distinct compliance teams which focus on either Tier 2&5 or Tier 4 sponsors. The teams conduct targeted national operations which ensure that visits are focused on high risk areas which are identified through intelligence and monitoring. Productivity is also maximised through the utilisation of risk profiles and working with other bodies to either undertake joint visits, or share the outputs of their visits, including HMRC.

Thirty Sixth Report of Session 2010-12

Department for Business, Innovation and Skills

Regulating financial sustainability in higher education

Summary of the Committee's findings

The regulated higher education sector in England comprises 129 Higher Education Institutions (institutions), which are autonomous, not-for-profit bodies that received nearly half of their £22 billion income in the 2009-10 academic year from public sources. The Higher Education Funding Council for England provides a third of the sector's income and oversees the financial sustainability of institutions. It is accountable to the Department for Business, Innovation and Skills.

Background resources

- NAO Report: *Regulating financial sustainability in higher education* - Session 2010-12 (HC 816)
- PAC Report: *Regulating financial sustainability in higher education* - Session 2010-12 (HC 914)
- Treasury Minute: July 2011 (Cm 8129)
- Treasury Minute – progress on implementing recommendations: July 2012 (Cm 8387)
- Treasury Minute - progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 6 recommendations were implemented. 1 recommendation remained a work in progress, which has now been implemented, as set out below.

6: Committee of Public Accounts conclusion:
The Committee does not accept the Funding Council's practice of not disclosing which institutions are at higher risk for a three year period.

Recommendation:
The Funding Council needs to strike a different and better balance between the interests of institutions and those of prospective students.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The department has agreed with the Funding Council that, in the new regulatory system, consideration should be given to a more graduated risk assessment system. Following the Higher Education White Paper, there was a consultation on the new regulatory system. The publication of information relating to risk assessments needs to take into account the interests of current students as well as prospective students. At present, the Funding Council does release information about institutions at higher risk if they judge it to be in the public's interest to do so. Since the last update the Funding Council has developed a Register of Higher Education Providers that was launched in September 2014 and that enables students, regulators, the Government and the wider public to know the status of providers and the regulatory commitments they have entered into.

Thirty Ninth Report of Session 2010-12

Department for Transport

Intercity East Coast passenger rail franchise

Summary of the Committee's findings

Since the mid-1990s, passenger rail services have been delivered through a system of franchises. Each franchise is a competitively procured contract, typically lasting seven to ten years, between the Department for Transport and a private train operating company. Companies bid for franchises on the basis of the amount of subsidy they require, or the premium they would be prepared to pay, to run services on a defined part of the rail network. Bids include each company's forecast of what revenue they can expect, based on assumptions about the number and type of passenger journeys and the prices they can charge.

Background resources

- NAO Report: *InterCity East Coast passenger rail franchise* - Session 2009-2010 (HC 824)
- PAC Report: *InterCity East Coast passenger rail franchise* - Session 2010-2012 (HC 1035)
- Treasury Minute: September 2011 (Cm 8179)
- Treasury Minute – progress on implementing recommendations: July 2012 (Cm 8387)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations were implemented and the department disagreed with 2 recommendations. 1 recommendation remained work in progress, which has now been implemented, as set out below.

6: Committee of Public Accounts conclusion:
Following a period of deterioration, punctuality on the line is now beginning to improve and investments are being made in new technology, fleet maintenance and customer service.

Recommendation:
The investment of taxpayers' money while the franchise has been in public ownership should help to secure a good deal when it is retendered to the private sector in 2012. The Committee expects the department to ensure that this investment is fully recovered.

6.1 The Government partially agreed with the Committee's recommendation.

Recommendation implemented.

6.2 On 27 November 2014, the Government announced its intention to the award the next East Coast franchise to Inter City Railways, a consortium of Stagecoach and Virgin. Inter City Railways will pay the government around £3.3 billion (nominal) to operate the franchise over 8 years, which compares favourably to the c£1 billion returned to Government over the past 5 years. The new franchise operator will invest £140 million in the business including in new technology, fleet reliability and customer service. The new franchise will commence in March 2015.

Fortieth Report of Session 2010-12

Cabinet Office

Information and Communication Technology in Government

Summary of the Committee's findings

Information and Communications Technology (ICT) has the power to transform public services and generate efficiencies. While the history of ICT in Government has included some successful projects, there have been far too many expensive and regrettable failures. ICT is not well enough embedded in departments' business, and as a result not enough reform programmes have had ICT at the core. Problems have arisen where expectations for systems are too grand and the proposals from suppliers are unrealistic. Projects have been too big, too long, too ambitious and out of date by the time the ICT is implemented.

Background resources

- NAO report: Information and Communications Technology in Government: Landscape Review Session 2010-12 (HC 757)
- PAC report: Information and Communications Technology in Government - Session 2010-12 (HC 1050)
- Treasury Minute: September 2011 (Cm 8179)
- Treasury Minute: Progress report on implementation of recommendations, July 2012 (Cm 8387)
- Treasury Minute: Progress report on implementation recommendations, July 2014 (Cm 8899)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 8899), 7 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

7: Committee of Public Accounts conclusion:
The Government has committed to increase the use of new technologies and sharing of information, which rely on the Internet.

Recommendation:
ERG should clarify in its implementation plan how cyber-security will be integrated into its strategy for ICT.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 The UK Cyber Security Strategy was published in November 2011. This sets out how the UK will support economic prosperity, protect national security and safeguard the public's way of life, by working with partners to strengthen UK cyber security. The Government has put in place a National Cyber Security Programme backed up by £860 million of Government investment to 2016 to help meet the objectives of the strategy. The Government is committed to report annually to Parliament on progress in delivering its Cyber Security Strategy and in December 2014, published a Report on Progress and Forward Plans. This includes details of the work of the Government Digital Service on cyber security. The Government Service Design Manual has replaced the Government's ICT strategy and complements the UK cyber security strategy.

Forty First Report of Session 2010-12

Department for Transport

Regulating Network Rail's efficiency

Summary of the Committee's findings

The Office of Rail Regulation is the independent economic and safety regulator of the rail industry in England, Scotland and Wales. The Regulator's duties include promoting economy and efficiency in the rail industry with much of its work focusing on Network Rail, the owner and monopoly provider of the national rail network, including track, signalling and stations.

Background resources

- NAO Report: *Office of Rail Regulation, Regulating Network Rail's efficiency* Session 2010-12 (HC 828)
- PAC Report: *Office of Rail Regulation, Regulating Network Rail's efficiency* - Session 2010-12 (HC 1036)
- Treasury Minute: September 2011 (Cm 8179)
- Treasury Minute – progress on implementing recommendations: July 2012 (Cm 8387)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 11 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations were implemented and the department disagreed with 2 recommendations. 5 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The sanctions and incentives on Network Rail, in particular penalties and bonuses, have not been effective in driving the company's efficiency.

Recommendation:

The Regulator should put in place a more robust performance management system and the Department should review the Regulator's powers. As part of this, the Regulator's assessment of Network Rail's performance should directly inform the level of bonuses paid to its executives.

1.1 The Regulator partially agreed with the Committee's recommendation. The Regulator does not set Network Rail's performance management system.

Recommendation implemented.

1.2 ORR agrees that having a robust performance management system in place for Network Rail is of crucial importance. ORR's role is to ensure that the objectives of Network Rail's management incentive plan are consistent with the network licence. However, ORR does not set Network Rail's performance management system. ORR is continually working to improve Network Rail's performance and its incentives. Network Rail, recognising the view of stakeholders, has changed its approach to executive remuneration and has improved the linkage between its incentive plan and the ORR's requirements.

2: Committee of Public Accounts conclusion:
The Regulator's allowance for inflation in Network Rail's financial settlement is too generous, reducing the pressure to drive down costs.

Recommendation:
The Regulator should adopt a more sophisticated and rigorous approach to setting inflation assumptions in its next financial settlement in 2013. In doing so, it should clearly demonstrate that it has taken account of National Rail's ability to control its costs.

2.1 The Regulator agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The ORR and its consultants did a substantial amount of work on inflation issues in the 2013 Periodic Review (PR13). PR13 determined what Network Rail is required to deliver between 2014-19 and its funding and ORR included in its PR13 efficiency assumptions an estimate of how much Network Rail could reduce its costs by managing the effect of inflation on its business.

3: Committee of Public Accounts conclusion:
The Committee is not convinced that the Regulator can distinguish between genuine efficiency savings and the deferral of work which simply increases costs in the future.

Recommendation:
The Regulator must work with Network Rail to obtain robust evidence, including data on track usage and condition, to enable it to judge whether deferring maintenance work on this scale is efficient, sustainable and safe. The Regulator should publish the evidence that supports its judgement.

3.1 The Regulator agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The ORR continues to push Network Rail to improve its evidence base and data quality. This is reflected in the ORRs *Efficiency and Financial Assessment* for Network Rail for 2013-14, published in October 2014, and its mid-year assessment of Network Rail's delivery of the company's PR13 regulated outputs, published in the *Network Rail Monitor* in November 2014.

4: Committee of Public Accounts conclusion:
The reasons for the gap between Network Rail's efficiency and that of the most efficient European operators are not fully understood.

Recommendation:
The Regulator should improve its understanding of how much is attributable to different factors. The Regulator should publish the results of this analysis in its next Periodic Review in 2013, setting out timescales and the extent to which it expects those factors can be addressed by Network Rail.

4.1 The Regulator partially agreed with the Committee's recommendation.

Recommendation implemented.

4.2 As part of the PR13 process, the ORR carried out further international comparisons to better understand and explain the efficiency gap between Network Rail and the most efficient European rail operators. The ORR published the results of this analysis as part of PR13.

4.3 In PR13, ORR set out the efficiencies it expects Network Rail to achieve in 2014-19. The top down comparison of Network Rail to the most efficient European operators helped inform ORR's decisions and ORR also carried out other bottom up analysis.

5: Committee of Public Accounts conclusion:
Network Rail told the Committee that punctuality could not be improved to 95% in five years' time without making trade-offs with efficiency and capacity.

Recommendation:
The department, in preparing for the next regulatory settlement in 2013, should publish what it realistically expects can be achieved in terms of efficiency, capacity and punctuality, noting how it has assessed the trade-offs between them

5.1 The Regulator partially agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Government published its rail investment strategy for the period 2014-19 (Control Period 5) in the *High Level Output Specification* and *Statement of Funds Available*[1] in July 2012. This included required outcomes for capacity and performance and measures to improve the efficiency of the rail network. The ORR assessed these proposals in its PR13 process and published its final determination in October 2013. This included the requirement for Network Rail to achieve efficiency improvements of 19.4% by the end of Control Period 5. The Government's March 2012 Command Paper has already set out the level of savings it wants to see from the railway by 2019.

[1] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/3641/railways-act-2005.pdf

Forty Second Report of Session 2010-12

Department for Education

Getting value for money from the education of 16-18 year olds

Summary of the Committee's findings

In 2009, over 1.6 million 16- to 18-year-olds participated in some form of education and training at a cost of over £6 billion. Most of these young people studied full-time for Level 3 qualifications (such as A levels or National Vocational Qualifications) at a general further education college, sixth form college or school sixth form. The Government's approach is to encourage choice and quality of education through a market of providers. Young people choose where they want to study, subject to entry criteria, with funding following the student

Background resources

- NAO report: *Getting value for money from the education of 16- to 18-year-olds* - Session 2010-12 (HC 823)
- PAC report: *Getting value for money from the education of 16- to 18-year-olds* - Session 2010-12 (HC 1116)
- Treasury Minute: October 2011 (Cm 8212)
- Treasury Minute – progress on implementing recommendations: February 2013 (Cm 8539)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations were implemented and the department disagreed with 1 recommendation. 2 recommendations remained work in progress, of which 1 has now been implemented, as set out below.

6: Committee of Public Accounts conclusion:
Information to measure the performance of providers is not comparable, making it difficult to assess the value for money they offer and inhibiting the operation of a market driven by student choice.

Recommendation:
The department should require all providers to compile and publish comparable performance information to support the assessment of value for money. The information should be sufficient for prospective students to use in choosing the right course, thereby improving student engagement and retention.

6.1 The Government partly agreed with the Committee's recommendation.

Target implementation date: January 2017.

6.2 The 16-19 accountability consultation document, published on 12 September 2013, proposed publishing clearer and more reliable information for students and parents. The government response to the 16-19 accountability consultation, published on 27 March 2014[2], set out plans to publish more comprehensive performance information through 2016 performance tables to aid student choice. Furthermore it committed to requiring all 16-19 providers to publish the five headline performance measures (progress, attainment, progress in English and maths, retention and destinations) in a standard format on their websites.

[2] https://www.gov.uk/government/consultations/16-to-19-accountability-consultation

8: Committee of Public Accounts conclusion:
The department has indicated that it believes that, by definition, it is better value for money to spend less on a replacement for the Educational Maintenance Allowance scheme, targeting it and removing deadweight costs.

Recommendation:
The allowance is to be replaced in the 2011-12 academic year by a £180 million bursary scheme, which will be administered by providers. As the department develops its implementation plan for this policy change, it must assess the impact on participation, particularly for disadvantaged young people, and the burden on providers of managing the changes, including the costs of administration.

8.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

8.2 The year 2 process evaluation report indicates that 77% of providers surveyed think the Bursary has had a positive effect on participation, and 70% think it has improved engagement in learning. 78% believe it is effectively targeting the young people who have the greatest barriers to participation. These percentages have risen since the year 1 report. The flexibility of the Bursary Fund continues to be seen as key to targeting students' needs effectively.

8.3 The interim impact evaluation estimates suggest full time year 12 participation was reduced in the 2011 to 2012 academic year by 0.65 percentage points, year 13 participation by 0.88 percentage points and level 2 attainment at 18 by 0.9 percentage points as a result of the policy reform. Impacts were generally worse for the lowest income groups. This suggests that the reform led to 20 fewer full time participants and 12 fewer Level 2/3 achievers per £1 million saved in the 2011-12 academic year, although there is a wide range of plausible impacts: from 13 to 26 fewer full time participants and 6 to 17 fewer Level 2/3 achievers per £1 million saved. There is uncertainty in these results and they are likely to underestimate impacts for methodological reasons.

Forty Third Report of Session 2010-12

Ministry of Defence

The use of information to manage the defence logistics supply chain

Summary of the Committee's findings

The Ministry of Defence sends supplies to forces deployed overseas for military operations, such as in Afghanistan and Libya, and to personnel stationed in permanent bases or taking part in training exercises. Staff deployed on operations determines what supplies are needed by front line troops, which are then sent to them through a supply chain that stretches back to manufacturers. The department spent at least £347 million in 2010-11 on transporting supplies overseas, but this underestimates the full cost as the cost of military supply flights is not included. Some 130,300 individual deliveries were made to Afghanistan alone in 2010.

Background resources

- NAO report: *The use of information to manage the defence logistics supply chain* - Session 2010-12 (HC 827)
- PAC report: *The use of information to manage the defence logistics supply chain* - Session 2010-12 (HC 1202)
- Treasury Minute: October 2011 (Cm 8212)
- Treasury Minute – progress on implementing recommendations: February 2013 (Cm 8539)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), 2 recommendations were implemented and 1 recommendation was no longer being implemented. 3 recommendations remain work in progress, as set out below.

1: Committee of Public Accounts conclusion:
The department has put a low emphasis on value for money in managing its supply chain.

Recommendation:
The department should implement measures to capture the full cost of its supply operations, quantify the full range of potential savings it could make, and take the actions necessary to manage the supply chain more cost-effectively.

1.1 The Government partly agreed with the Committee's recommendation.

Target implementation date: December 2015.

1.2 The department acknowledges that the costs of its logistics operations need to be understood and used to make value for money decisions. The Drawdown from Op ELLAMY (Libya) proved that costs can be controlled and that a plan can be optimised against a challenging financial limit of liability. A similar ethos has been applied successfully to Op HERRICK (Afghanistan) redeployment as well as wider training and operational support activities. Further, enhanced logistic information capability will deliver incremental improvements; this will enable better decision making by providing greater end to end visibility of materiel in the Support Chain, improved management information and greater integration with financial systems.

1.3 Two organisations were established in August 2011 to provide a greater focus on key elements of the Defence Support Chain. The Inventory Management Operating Centre (IMOC) [previously known as the Joint Support Chain Operating Centre] focuses on improving the management processes for Defence Inventory and the Support Chain; the Logistics Commodities and Services (LCS) Operating Centre, focuses on commodity procurement, storage and distribution of 'non-explosive' products to the Armed Forces. The LCS OC is transforming how these services are

delivered in order to ensure military supply in the medium to long term, whilst providing better value for money to the department.

2: Committee of Public Accounts conclusion:
The department has made little progress in resolving long-standing problems with its supply chain information, despite previous assurances to the Committee.

Recommendation:
Past plans to upgrade these systems have come to nothing as the department has focused on other priorities. To ensure progress is made this time, the Committee will hold the department to its promise to report back to the Committee on progress in six and twelve months' time.

2.1 The Government agreed with the Committee's recommendation.

Target implementation dates: April 2015 (MJDI); and December 2016 (BIWMS (Air Domain)).

2.2 The delivery of Logistics Information Systems capability is enhancing visibility and management information across the Defence Support Chain.

2.3 The roll-out of Joint Asset Management and Engineering Solutions (JAMES) achieved its in-service delivery milestone, with the exception of a small element at two permanent overseas locations due to network issues. It provides detailed information of engineering assets (for example: armoured vehicles including tanks), which facilitates effective management and planned maintenance.

2.4 Management of the Joint Deployed Inventory (MJDI) has been delivered into service and achieved final acceptance in April 2014. The capability is fully rolled out in the Land and Air Domains and Maritime ashore locations. The Maritime Afloat platform installations progressed to schedule in 2014 and the programme is on track to complete by mid March 2015, ahead of the April 2015 target date, with the exception of one vessel which is currently deployed on operations and will be converted later in the year. The rollout of MJDI to Op HERRICK was achieved one year ahead of schedule.

2.5 The initial Logical Data Model (LDM) requirement was delivered into production in June 2014. As part of an overall Enterprise Data Warehouse capability the LDM will continue to develop over time, in order to build a complete inventory management picture and to enable more effective supply chain decisions to be made through the provision of accurate and timely master data.

2.6 The Base Inventory and Warehouse Management System (BIWMS) is a multi-phase project. Release 1 has been delivered and Release 2 is approved for roll-out to the Air domain, with Initial Operating Capability scheduled to be achieved by December 2016. The proposals for the remaining releases to replace base inventory systems for Land, Maritime and Munitions were reviewed in December 2013 and rejected on commercial grounds. The period of review culminated in the development of a revised approach in which the remaining releases should be delivered as part of a Future Inventory Management Systems programme. Implementation of replacement capabilities, at Initial Operating Capability, is planned for the period 2018 to 2020 and this is worked through with the appropriate capability sponsors to achieve this.

4: Committee of Public Accounts conclusion:
Deliveries for operations in Afghanistan are often late due to delays in receiving goods from suppliers.

Recommendation:
The department should set the terms of its contracts with suppliers so that manufacturers are better incentivised to deliver supplies in good time.

4.1 The Government partially agreed with the Committee's recommendation.

Target implementation date: March 2016.

4.2 Work continues to review the effectiveness of the department's commercial arrangements, to identify best practice and seek ways to embed this into the business in order to improve and better incentivise suppliers. This includes a review of standard terms and conditions to ensure the provision of adequate information by contractors to meet the requirements of the department's annual accounts, and to ensure the appropriate use of and compliance with departmental inventory systems and processes. The Inventory Management Transformation (IMT) project is establishing the management system to provide better control of the Defence Inventory. Complementary to this, the ongoing Logistics Commodities and Services Transformation (LCS(T)) project will implement a commercial model that includes mechanisms to incentivise and maximise efficiency and cost-effectiveness in the supply chain.

Forty Eighth Report of Session 2010-12

Foreign and Commonwealth Office

Spending reduction in the Foreign and Commonwealth Office

Summary of the Committee's findings

Around half of the Foreign and Commonwealth Office's budget is spent in foreign currencies. As a result of a decline in the value of sterling, in September 2009 the Department faced an overspend of £91 million on its 2009-10 budget (£72 million centrally and £18.8 million overseas), out of its total budget of £1.6 billion.

Background resources

- NAO report: *Spending reduction in the Foreign and Commonwealth Office*- Session 2010-12 (HC 826)
- PAC report: *Spending reduction in the Foreign and Commonwealth Office*- Session 2010-12 (HC 1351)
- Treasury Minute: December 2011 (Cm 8244)
- Treasury Minute – progress on implementing recommendations: February 2013 (Cm 8539)
- Treasury Minute - progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8899), the Treasury disagreed with 1 recommendation. 4 recommendations remained work in progress, all of which have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
Most of the cuts the department made were short term and included delaying or stopping activities, which risked the department spending more in the future.

Recommendation:
In future cost reduction programmes, the department must assess whether proposed cuts will lead to additional spending later on and take this into account when selecting areas to cut.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The department is on track to implement its £100 million admin savings programme, which has enabled it to live within its 2010 Spending Review (SR) Settlement, while maintaining and in some cases enhancing its frontline activity. Further admin savings have been identified for 2015-16 consistent with its 2013 SR settlement. These savings are sustainable and reflect changes in policy and structures which have led to a more efficient global estate and corporate services, reduced staff costs and improved procurement practices.

3: Committee of Public Accounts conclusion:
Although the department believed it was able to sustain those services which absorbed the greatest cuts, it did not do enough to monitor and measure the impact of the cuts made.

Recommendation:
The department should develop clearer metrics to select future financial cuts in a more rational way and concentrate efforts and resources where they are most valuable.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The department continues to develop its business planning process, which is the main tool for monitoring and evaluating overall performance to deliver the Government's foreign policy priorities. Business plans are regularly reviewed to assess whether the department is on track to deliver against its published plans, including mid-year reviews of individual country business plans. More detailed methods to measure the impact of the department's activities in priority areas, including support to British business, have been developed and are scrutinised monthly by the department's Board.

3.3 The department integrated internal financial and business planning in October 2013 so that informed decisions could be taken when prioritising resources for future years.

4: Committee of Public Accounts conclusion:
There is insufficient integration in the management of government properties overseas.

Recommendation:
The Foreign and Commonwealth Office should produce an analysis of the costs of all premises occupied by UK government organisations overseas. In light of this analysis, the Treasury should ensure that government organisations secure efficiencies through co-location where feasible, so that Government as a whole benefits, rather than one department benefitting at the expense of another.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The department now provides a platform for staff from 26 Government departments overseas, whose numbers have risen from just over 3,000 in 2010 to just over 4,000 now. Government departments are co-located in the vast majority of posts. The Department for International Development (DFID) has recently co-located in New Delhi, and co-location in new offices in Kathmandu is scheduled for completion in 2016. The British Council co-locates where it can, although its commercial activities rule this out in many cases as co-location on FCO premises would not be compliant with the Vienna Conventions.

4.3 The department know that co-location is making savings for the Government as a whole, although not necessarily to the FCO's budget. For example, Visit Britain's calculations show that from 2010-11 to 2013-14 the property cost saving achieved by Visit Britain in moving onto the FCO platform was approximately 56% (in excess of £800,000), with an additional 10% savings predicted for the current Financial Year. Work is currently underway to quantify the savings made so far under the One HMG Overseas agenda, and to identify areas where further efficiencies can be made.

5: Committee of Public Accounts conclusion:
Recent events in the Middle East demonstrate that the department needs to keep its finances flexible to deal with emerging global crises.

Recommendation:
The department should develop contingency saving measures to hold in reserve so that it can respond to unexpected worldwide events without affecting its ability to make necessary efficiencies and stay within its budget.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The department has developed its financial risk management capability to support more flexible financial management and contingency planning. By actively managing the financial risks through a central risk register, the department can provide the FCO Board with a range of outturn scenarios, based on the department's assessment of cost pressures and under-spend risks. The Board therefore has options available should the department be required to redeploy resources to meet urgent, unplanned funding requirements at short notice. The department currently holds the £10 million Departmental Unallocated Provision as a contingency. To hold more than this in reserve would present a risk of significant under-spend at year end.

Fifty Seventh Report of Session 2010-12

Department of Health

Oversight of user choice and provider competition in care markets

Summary of the Committee's findings

Successive governments have supported the move towards using personal budgets and markets to promote user choice and provider competition in social care. Currently, 340,000 people, or 30 % of eligible care users, have a personal budget, which enables the individual to choose their care provider. The Government wants all eligible users to be offered a personal budget by April 2013. Personal budgets currently cost the taxpayer £1.5 billion each year. Individuals who fund and therefore choose their own care spend about £6.3 billion annually. The total annual expenditure on care is around £23 billion

Background resources

- NAO report: *Oversight of user choice and provider competition in care markets* – 2010-12 (HC 1458)
- PAC report: *Oversight of user choice and provider competition in care markets* - 2010-12 (HC 1530)
- Treasury Minute: February 2012 (Cm 8359)
- Treasury Minute – progress on implementing recommendations: February 2013 (Cm 8539)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute, 2 recommendations were implemented. 4 recommendations remain work in progress, as set out below.

1: Committee of Public Accounts conclusion:
There are no arrangements yet in place to oversee regional care markets, but the department said that it was considering a range of options for overseeing the market in care.

Recommendation:
The department must specify what market share at the local level is acceptable, what arrangements will be made to keep market shares of large-scale providers under review, and what additional powers it requires in case it needs to intervene to prevent a provider becoming dominant.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2015.

1.2 The Care Act, which received Royal Assent on 15 May 2014, places duties on local authorities to promote their entire market for care and support (not just where the authority buys services for people funded by the state) to ensure that people have a choice of services and providers by promoting quality, diversity and sustainability. The department published guidance in October 2014 to support local authorities to meet these new duties, which will come into force in April 2015. The department funded a programme, which ended in March 2014 that successfully helped local authorities meet these new 'market shaping' duties.

1.3 There is an effective competitive market for both care at home and residential care by independent care providers. The department has no plans to take powers to restrict this market. However, the new duties on local authorities together with support from the department will mean that local markets will be facilitated to ensure sustainability, which will include having regard to any market distortions such as one provider becoming dominant. Nationally, there is no such dominance – the top 5 residential care provider organisations only represent 13% of the whole market (in terms of numbers of beds).

4: Committee of Public Accounts conclusion:
The department has no power to compel local authorities to implement personal Budgets.

Recommendation:
The department should specify the actions it will take, including penalties, to ensure Local authorities meet this important Government target.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2015.

4.2 The Care Act contains specific provisions that will provide people with a personal budget, as part of their care and support plan. Therefore, when implemented in April 2015, everyone accessing social care will, by law[3], be provided with a personalised care and support plan that will include a personal budget. This will clearly set out the needs and outcomes that are to be met, and the level of funding both the local authority and the individual (if appropriate) will pay to meet these needs.

4.3 The official data for 2013-14 from the Health and Social Care Information Centre showed that the proportion of people receiving personal budgets increased from 56% (714,000) in 2012-13, to 62% (759,000 people), indicating that while progress has been made, provision of personal budgets still varies considerably across local authorities.

4.4 The department has worked collaboratively with social care stakeholders to produce the statutory guidance[4] and regulations to support the Care Act. This includes new guidance on care and support planning, personal budget and updated guidance and regulations on direct payments as well as best practice implementation support products designed to help local authorities deliver the Care Act reforms. The Care Act final guidance and regulations was published on 23 October 2014, before coming into force in April 2015.

5: Committee of Public Accounts conclusion:
The quality of support available to personal budget users is variable.

Recommendation:
The department should work with the Association of Directors of Adult Social Services to produce an action plan aimed at developing and sharing best practice to improve the individual's experience of using personal budgets, and ensure that all the different user Groups receive the necessary support. Only in this way will personal budgets support Individual choice and control over time.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2015.

5.2 The department expects to see all local authorities improving the access people have to independent advice, particularly to support individuals to plan and put in place their own care arrangements via personal budgets. An action plan was not developed to address this recommendation as The Care Act 2014 reforms sets out a number of new duties for local authorities:

- That LAs must "establish and maintain a service for providing people in its area with information and advice relating to care and support for adults and support for carers";
- When undertaking a care or support plan with a person, the Care Act sets out that the local authority must take all reasonable steps to involve the person the plan is intended for, the carer (if there is one), and any other person the adult requests to be involved; and

[3] http://www.legislation.gov.uk/ukpga/2014/23/contents/enacted
[4] https://www.gov.uk/government/publications/care-act-2014-statutory-guidance-for-implementation

- A new duty from April 2015 for local authorities in specific circumstances to arrange an independent advocate for those who have substantial difficulty in being involved in their care and support plan and have no family, friend or carer who can support that.

5.3 Statutory guidance to support these responsibilities was published on 23 October 2014, following engagement and consultation with partners including the Association of Directors of Adult Social Services. This guidance sets out expectations around practice, which are intended to support individual to plan and prepare for care, to manage their care and support needs and to promote choice and control.

6: Committee of Public Accounts conclusion:
There is inconsistency and confusion in what users can spend personal budgets on and inadequate redress when things go wrong.

Recommendation:
The department should provide greater clarity on what personal budget spending is permissible and develop a clear complaints process aimed at resolving problems quickly and securing appropriate redress.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2016.

6.2 The department has worked collaboratively with social care stakeholders to produce the statutory guidance and regulations to support the Care Act. This includes new guidance on care and support planning, including the use of personal budgets, and updated guidance and regulations on direct payments. This guidance sets out that there should be no limitations on what personal budgets and direct payment can be used for, as long as they are used to meet needs identified in the care plan. The Care Act final guidance and regulations was published on 23 October 2014, before coming into force in April 2015.

6.3 Current complaints provision for care and support is set out in regulations.[5] In conjunction with stakeholders, the department intends to develop proposals for a system for appealing local authority decisions. The department launched a consultation on 4 February to 30 March 2015 on more detailed proposals, with the new appeals system coming into force in April 2016.

[5] The Local Authority Social Services and NHS Complaints (England) Regulations 2009, made under powers in Sections 113 to 115 of the Health and Social Care (Community Health and Standards Act) 2003.

Sixty Second Report of Session 2010-12

Department for Work and Pensions

Means Testing

Summary of the Committee's findings

The Government uses means testing to distribute at least £87 billion of benefits to claimants each year, around 13% of total public spending. The poorest fifth of households rely on means-tested benefits for a third of their net income. The Government is undertaking fundamental reforms of the benefits system, including the introduction of a new means-tested Universal Credit that will replace a number of existing means-tested benefits. In doing this the Government should ensure that it learns from the lessons of the past and coordinates benefits effectively in order to safeguard value for money for taxpayers and claimants.

Background resources

- NAO report: *Means Testing* - Session 2010-2012 (HC 1464)
- PAC report: *Means Testing* -Session 2010-2012 (HC 1627)
- Treasury Minute: March 2012 (Cm 8335)
- Treasury Minute - progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), 2 recommendations were implemented and the department disagreed with 3 recommendations. 1 recommendation remained work in progress, which has now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
It is not clear what effect some means tested benefits have on claimants incentives to work

Recommendation:
The Committee expects departments to do more to understand what impact multiple benefits have on an individual. In particular, the Treasury and DWP should ensure they understand how the wider benefit system affects incentives when they assess the impact of a policy change.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The department recently published the *Universal Credit at Work* report outlining key elements of its approach to testing and learning under Universal Credit (UC) which replaces a number of key working age benefits. At each stage of the roll-out of UC, the department is carefully assessing and evaluating how processes are operating in support of the intended policy and behavioural changes. The approach draws on an extensive programme of peer-reviewed research and evaluation. A key element of the work is understanding the labour impact of UC and, crucially, drilling down into the data to understand the full range of factors affecting policy impact.

2.3 The department has also been working with other Government departments to improve joint understanding of households affected by changes to passported benefits, which is a first step to understanding the impact on work incentives. More generally, the department is continuing to develop analytical tools that help give a more comprehensive overview of work incentives.

Sixty Fourth Report of Session 2010-12

Department for Environment, Food and Rural Affairs

Flood risk management in England

Summary of the Committee's findings

Flood protection is a national priority and features on the National Risk Register of Civil Emergencies. Recently the annual cost of flood damage has been £1.1 billion and is set to rise, and 5.2 million homes are at risk of flooding. In 2010-11 the Department for Environment, Food and Rural Affairs spent £664 million on flood and coastal risk management, 95% of which went to the Environment Agency.

Background resources

- NAO report: *Flood Risk Management in England*– 2010-12 (HC1521)
- PAC report: *Preparations for the roll–out of smart meters* – 2010-12 (HC1659)
- Treasury Minute: March 2012 (Cm 8335)
- Treasury Minute - progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations had been implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The current strategy for long-term expenditure on flood protection anticipated a higher level of central government funding than is now likely to be available.

Recommendation:
The Agency needs to publish a new long-term strategy reflecting current funding realities in which the assumptions underlying its plans are transparent.

1.1 The Environment Agency agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Environment Agency published its Long Term Investment Scenarios (LTIS)[6] study on 2 December, alongside the Government's Investment Plan for reducing the risks of flooding and coastal erosion. The new report replaces the 2009 Long Term Investment Strategy. It is an economic assessment of investment scenarios, based on a more robust analysis of risk and the value of future investment options.

6 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/381939/FCRM_Long_term_investment_scenarios.pdf

Seventieth Report of Session 2010-12

Department for Education

Oversight of special education for 16-25 year olds

Summary of the Committee's findings

In 2009-10, the Department for Education spent around £640 million on special education support for 147,000 students aged 16-25. The system for delivering and funding post-16 special education is complex and devolved, and students may receive post-16 special education support in schools, further education colleges or independent specialist providers, each of which is funded differently. Most young people with special educational needs make their own choice of where to study, while responsibility for provision and for placing around 30,000 students with higher-level needs is devolved to local authorities. The number of young people with special educational needs in post-16 education has grown in recent years, making it all the more important that the Department makes the best possible use of the funding available for these students.

Background resources

- NAO report: *Oversight of special education for young people aged 16-25* - Session 2010-12 (HC 1585)
- PAC report: *Oversight of special education for 16-25 year olds*- Session 2010-12 (HC 1636)
- Treasury Minute: April 2012 (Cm 8347)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), 2 recommendations were implemented and the department disagreed with 1 recommendation. 3 recommendations remained work in progress, of which 2 have been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The system for delivering and funding post-16 special education is complex, and parents and young people are not provided with the information they need.

Recommendation:
The department should ensure that the local offers outlined in the Green Paper give parents clear understanding about the provision young people are entitled to, how it can be accessed, and where they can find information on provider performance.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Children and Families Act 2014 requires each local authority (LA) to publish a local offer, from September 2014, setting out information about provision for children and young people with SEN or a disability. This will provide greater transparency to parents and young people about the provision available to them and LAs are required to consult parents and young people when developing and reviewing the local offer. The local offer must include education and training provision (including Apprenticeships), health and care provision, and provision to help children and young people prepare for adult life (including: finding employment and housing

2.3 All local offers were published by October 2014 and LAs are required to update the local offer at least annually. Requirements for local offers are set out in the new SEND Statutory Code of Practice. The department is supporting and challenging LAs to continue to improve information and accessibility of their local offer. The department is working with individual LAs where there are concerns about quality. The department is encouraging local Parent Carer Forums and young people to road-test local offers and suggest improvements.

3: Committee of Public Accounts conclusion:
The quality of assessments of students' needs is variable.

Recommendation:.
The department must ensure that its proposed replacements for these two assessments, 'Education, Health and Care Plans' for young people aged 0-25, are carried out on a timely basis by independent professionals to clear and consistent national standards, and are supported by adequate funding.

3.1 The Government partly agreed with the Committee's recommendation.

Recommendation implemented.

3.2 From September 2014, the Children and Families Act 2014 required local authorities, working closely with their health service partners, to carry out assessments for Education, Health and Care (EHC) plans. Assessments have not been made the responsibility of independent professionals. Legislation requires authorities to secure advice from a range of professionals and ensure that assessments for EHC plans are person-centred, focused on outcomes and involve parents, children and young people at every stage, taking account of their views, wishes and feelings. The department is reviewing EHC plan templates and has provided feedback and training to LAs to improve the plans.

3.3 Regulations and statutory guidance set clear timescales for completion of the new assessment and plan process (20 weeks compared to the 26 allowed currently for statements) and provide a clear, national framework for the content of EHC plans without setting potentially unhelpful national standards. Funding has been made available for Independent Supporters in each area, who support young people and parents through the EHC plan process. Funding is also made available through the SEND Implementation Grant and the school and post 16 funding system for provision.

5: Committee of Public Accounts conclusion:
The way students' progress is measured does not allow the long-term impact of special education to be assessed, or the performance of different types of provider to be compared.

Recommendation:
The Committee expects the department to extend its current analysis of students' performance to those undertaking lower level qualifications, and to use information on students' destinations to help monitor performance against its longer-term objectives at a national level.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: January 2018.

5.2 The response to the consultation on *Reforming the accountability system for 16-19 providers*[7] was published on 27 March 2014. This sets out the introduction of a range of new measures which will report on the performance of learners on a consistent basis across different types of providers. These new measures will show study and attainment of qualifications below Level 3, who disproportionately are more likely to have special needs or disabilities.

5.3 The reforms include headline measures showing study and attainment of Level 2 qualifications, and how well institutions help students progress from one level to the next. They also include destination measures at age 16 and 18. Together with contextual information, such as the number of students with special education needs or disabilities, this information will enable the department and the public to compare the performance of different institutions. The new measures will be phased in between 2015 and 2018.

[7] https://www.gov.uk/government/consultations/16-to-19-accountability-consultation

Seventy First Report of Session 2010-12

Department for Transport

Reducing costs in the Department for Transport

Summary of the Committee's findings

As part of the 2010 Spending Review, the Government announced a significant reduction in the budget of the Department for Transport, with spending due to be 15% lower by 2014-15, in real terms, than the department's £12.8 billion budget in 2010-11. While some of the reductions in capital spending were reversed in the 2011 Autumn Statement, the department still has significant expenditure reductions to manage including their own administrative budget being cut by a third. The Committee commends the department for preparing for the Spending Review early and making a systematic assessment of budget reductions, supported by generally good analysis, but the Committee still has concerns that the Department needs to address.

Background resources

- NAO report*: Reducing costs in the Department for Transport* - Session 2010-12 (HC 1700)
- PAC report: *Reducing costs in the Department for Transport* - Session 2010-12 (HC 1760)
- Treasury Minute: May 2012 (Cm 8352)
- Treasury Minute Progress Report: July 2014 (Cm 8899)

Updated Government response to the Committee:

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), the department disagreed with 3 recommendations. 3 recommendations remained work in progress, of which 2 recommendations have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The department has planned earlier than other departments, but it has still to articulate a comprehensive long-term strategy against which to judge the relative economic and social impacts of its decisions in the 2010 Spending Review and the 2011 Autumn Statement.

Recommendation:
The department should finalise and publish its strategy so that taxpayers can see how individual decisions relate to the department's overarching long-term objectives, and how investment choices between alternative forms of transport are made.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 At SR13, the Government published *Investing in Britain's Future*, which sets out the long-term commitments to infrastructure investment, including over £70 billion for transport investment. The department also published *Transport – an engine for growth,* in August 2013, which are short explanatory documents, which give strategic context to the substantial investments set out in the recent Spending Round and show how investments over this Parliament and the next fit together. These are supported by a number of recent strategic documents.

1.3 In March 2013, the Government published its *Aviation Policy Framework,* which sets out the Government's policy to allow the aviation sector to continue to make a significant contribution to economic growth across the country.

1.4 In December 2014, Government published the *Road Investment Strategy* (RIS), a suite of documents introducing long term strategic planning and funding for the strategic road network (SRN). The RIS outlines Government's long term vision for the SRN, the funding available and investments

planned over the first Road Period (2015-16 to 2019-20), and a Performance Specification for the new Strategic Highways Company.

5: Committee of Public Accounts conclusion:
The department does not have a full understanding of the likely impact of reducing road maintenance budgets.

Recommendation:
The department should monitor road conditions closely with a view to avoiding increased future costs; and it should publish regular assessments which detail where it sees particular risks and how it plans to mitigate them.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: July 2015.

5.2 The department has traditionally produced annual Road Condition Indicator (RCI) and associated Highways Condition Index (HCI) figures for classified local authority roads in England, in addition to figures collected from local authorities via the Single Data List. The last figures were published in April 2014. The department is currently discussing and considering how it will report on local road conditions in the future, working closely with the industry stakeholders and local authorities to simplify reporting and establish the most appropriate headline measure.

6: Committee of Public Accounts conclusion:
The department has inadequate contingency plans for how it will deal with potential threats to its plans for cost reduction.

Recommendation:
The department should develop contingency plans for how it will respond to a range of potential risk scenarios, including fluctuating inflation and failure of parts of the business to deliver their share of efficiency savings.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The department has various systems in place to monitor risks in all areas of its business, and will look to enhance these as part of ongoing efforts to improve the department's ability to take appropriate management action. This includes reporting top level risks to the Board on a programme-by-programme and high-level cross-cutting basis. The department discusses its medium term financial plans with its senior management, Ministers and the Treasury, highlighting key financial risks - including the potential impacts of construction inflation - and which stimulates discussions on the need for central case forecasts with appropriate analysis and provision for risks and opportunities.

6.3 The department's annual corporate planning process also enables budgets to be re-visited within changing economic, fiscal and business circumstances, taking account of emerging risks - including those such as the impact that changes in RPI inflation might have on both the rail financing cost and on rail fares.

6.4 Following the reclassification of Network Rail, the department will be reporting Network Rail's expenditure in similar detail to major departmental programmes in the future. To prepare for this, the sponsorship team for Network Rail organise monthly meetings between the department's finance directorate and Network Rail Finance.

Seventy Sixth Report of Session 2010-12

Department for Business, Innovation and Skills

Reducing bureaucracy in further education in England

Summary of the Committee's findings

Further education is delivered by over 1,000 different providers, mainly further education colleges or independent training businesses. They offer a wide range of education and training, which is funded through different government bodies. The Department for Business, Innovation and Skills and the Skills Funding Agency provide funding for further education students aged 19-plus. The Department for Education and the Young People's Learning Agency fund further education for 16-18 year-olds. These two departments provided £7.7 billion in funding to the sector during the 2010-11 academic year. Further education providers also deliver training for people in prisons, unemployed people and some offer higher education as well.

Background resources

- NAO report: *Reducing Bureaucracy in further education in England* – Session 2010-12 (HC1590)
- PAC report: *Reducing Bureaucracy in further education in England* - Session 2010-12 (HC1803)
- Treasury Minute: May 2012 (Cm 8352)
- Treasury Minute - progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 4 recommendations in this report. As of the last Treasury Minute (Cm 8899), 3 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

2: Committee of Public Accounts conclusion:
Data, funding and assurance requirements on the further education sector could still be better coordinated.

Recommendation:
The department should establish a cross Government approach to harmonize the funding, assurance and information requirements placed on providers into a single system which is capable of meeting the needs of all public sector bodies that interact with providers. Further education representatives and providers should have a leading role in the design and implementation of changes.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2015.

2.2 The department remains committed to a single funding assurance system as set out in *'New Challenges, New Chances'* (December 2011). Initiatives in this area are being addressed through the Simplification Plan, which sets out the steps being taken across Government and its Agencies, including the Office of Qualifications and Examinations Regulation (Ofqual) and the Higher Education Funding Council for England (HEFCE), to remove bureaucracy and ensure that time and resources are invested in frontline services, rather than administration.

2.3 The department has established a structured approach to assessing the burden of new policy design and delivery on all post-16 providers. This is overseen by a Stakeholder Panel of sector representatives which meets quarterly and acts as a critical friend to policy officials across the department, the Department for Education and their agencies. It encourages a structured consideration of the impact on the sector of new policies and policy changes.

2.4 The recent NAO report has prompted a fundamental review of the 2014-15 Simplification Plan and the role of the Stakeholder Panel to ensure any areas of bureaucracy are being addressed and challenged robustly. The department is also working with the sector to establish a baseline for the costs of compliance.

Eighty Third Report of Session 2010-12

Department for Work and Pensions

Child Maintenance and Enforcement Commission: structured cost reduction

Summary of the Committee's findings

The role of the Child Maintenance and Enforcement Commission is to support separated families and secure maintenance payments for children affected by separation. Around half of all children in the UK from separated families are being brought up in poverty. In 2010-11 the Commission collected and transferred £1.1 billion to parents caring for more than 880,000 children.

Background resources

- NAO report: *Child Maintenance and Enforcement Commission: cost reductions* - Session 2010-12 (HC 1793)
- PAC report: *Child Maintenance and Enforcement Commission: cost reductions* - Session 2010-12 (HC 1874).
- Treasury Minute: July 2012 (CM 8146)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), 3 recommendations were implemented and the department disagreed with 2 recommendations. 1 recommendation remains in progress, as set out below.

3: Committee of Public Accounts conclusion:
A successful fee regime will depend on the Commission being able to deliver reasonable standards of service.

Recommendation:
The Commission should work with stakeholders to monitor whether more separated families agree their own arrangements and understand and service-related reasons for lower than expected applications to the new child maintenance scheme. The first monitoring report should be carried out six months after the introduction of fees.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2016.

3.2 The department believes six months is too short a period to conduct a full evaluation of the impact of charging, as new patterns of parental behaviour are unlikely to have been established. In addition, the process of closing in excess of one million former Child Support Agency (CSA) cases will have just begun.

3.3 For these reasons, a full evaluation of the new statutory service and charging will be conducted within 30 months of the introduction of charging, as announced to Parliament during the passage of the Welfare Reform Bill. The 30 month evaluation will make use of information from the department's systems, existing surveys of clients and other information including longitudinal surveys of former CSA clients and relevant surveys of the wider separated population to determine what arrangements they are putting in place. A strategy for the evaluation was published in December 2014, which set out the high level approach and timeline for the full evaluation.

Eighty Fifth Report of Session 2010-12

Department for Work and Pensions

Introduction of the Work Programme

Summary of the Committee's findings

The Work Programme replaced virtually all welfare to work programmes run by the Department for Work and Pensions. Having only started in June 2011 the Work Programme is designed to help long-term unemployed people into sustainable employment. Over the next five years, the department expects the Programme to help up to 3.3 million people at a cost of £3 billion to £5 billion. The department has contracted with 18 prime contractors to deliver the Programme across England, Scotland and Wales. Each of the prime contractors has their own subcontractors. The department has done well to introduce the Work Programme in 12 months.

Background resources

- NAO Report: Introduction of the Work Programme-Session 2010-2012 (HC 1701)
- PAC Report: Introduction of the Work Programme-Session 2010-2012 (HC 1814)
- Treasury Minute: July 2012 (Cm 8416)
- Treasury Minute - progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations were implemented and the department disagreed with 2 recommendations. 1 recommendation remained work in progress, which has now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
Achieving value for money will need to go beyond a reliance on risk transfer

Recommendation:
In its on-going assessment of value for money, the department should include whether the Programme is achieving all its objectives, including whether all participants receive a suitable level of support, and whether the Programme produces the expected wider benefits to society of getting more people off benefit and into work. The assessment should also take into account unintended consequences, such as the risk that participants on the Work Programme are replacing existing workers.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The department has an on-going independent evaluation exploring the outcomes and experiences of claimants, and the delivery strategies used by providers to support them. The department is also conducting analytical work to determine the feasibility of making an assessment of the programme in terms of reducing time claimants spend on benefits and increasing the likelihood of them moving into work.

2.3 Whilst the department knows this has a wider societal benefit, this is not currently monitored. Initial evaluation findings from early delivery of the programme were published in November 2012 and March 2013, with the final reports published December 2014. Further research to assess the programme in steady state concluded during 2014 and the reports published on the department's website.

2.4 The evaluation shows participants feel well supported by the programme with 67% saying the support offered was useful in moving them closer to or finding work. The reports also show how Work Programme support has changed over time, responding to changing referral composition and a better understanding of what works.

2.5 The risk of Work Programme participants replacing existing workers is low. Providers must ensure Work Placement opportunities are genuine and do not fulfil a role which would otherwise be advertised.

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts: Session 2012-13

Updates on recommendations, previously reported as work in progress, are included in this update:

The recommendations in the reports below were previously fully resolved and are not included in this update:

#	Report Title
2	Mobile technology in policing
3	Efficiency & reform in Government corporate functions through shared service centre
5	Regional Growth Fund
6	Renewed alcohol strategy
7	Immigration: the points based system – student route
8	Managing early departures in central Government
9	Preparations for the London 2012 Olympic and Paralympic Games
11	Improving the efficiency of central government office property
12	Off payroll arrangements in the public sector
13	Financial viability of the housing sector: introducing Affordable Home Programme
15	Preventing fraud in contracted employment programmes
18	Creation and sale of Northern Rock
19	HMRC Annual Report and Accounts 2011-12
20	Offshore electricity transmission: a new model for delivery infrastructure
22	BBC: Off payroll contracting and severance package for the Director General
23	Contract management of medical services
27	HM Treasury Annual Report and Accounts 2011-12
28	Franchising Hinchingbrooke Health Care Trust / Peterborough & Stamford Hospitals
30	Excess Votes 2011-12
31	Lessons from cancelling the Intercity West Coast franchise competition
33	Work Programme outcome statistics
35	Restructuring the National offender Management Service
36	HM Revenue and Customs customer service
37	Whole of Government Accounts 2010-11

The recommendations in the reports below were previously fully resolved and are not included in this update:

#	Report Title
40	London 2012 Olympic and Paralympic Games: post games review
42	Planning economic infrastructure
43	Report number not used by the Committee

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts - Session 2010-12 can be located from page 1 and for Session 2013-14 from page 82.

First Report of Session 2012-13

Cabinet Office and Ministry of Defence

Government procurement card

Summary of the Committee's findings

The Government Procurement Card (GPC) was introduced in 1997 as a convenient and cost-effective way for government bodies to make low-value purchases. A GPC is a payment card which individuals can use to purchase goods and services; the supplier is paid immediately and the balance is paid in full each month by departments. There may be clear benefits to using the GPC, but departments must maintain strong controls over its use to reduce the risk of inappropriate use or fraud, and any subsequent reputational damage.

Background resources

- NAO Report: Government Procurement Card - Session 2012-2013 (HC 1828)
- PAC Report: Government Procurement Card - Session 2012-2013 (HC 1915)
- Treasury Minute: November 2012 (Cm 8467)
- Treasury Minute: Progress report on implementation of recommendations, July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), 5 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

6: Committee of Public Accounts conclusion:
There is no up-to-date business case to demonstrate in which circumstances use of the Government Procurement Card represents good value for money. The most recent assessment of the value-for-money of the GPC was conducted 14 years ago, and, due to significant advances in procurement systems since that time, this assessment is outdated.

Recommendation:
The Cabinet Office should conduct a comprehensive assessment of the costs and benefits of using the cards compared with other procurement methods, and communicate its findings to all departments by autumn 2012.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2015.

6.2 The Crown Commercial Service (CCS) awarded the new e-Purchasing card Service (ePCS) Framework, which replaces the old GPC agreement, in August 2014. The comprehensive assessment of the cost benefits of using cards against alternative payment methods was initiated after this award and is planned for delivery in the summer of 2015.

Fourth Report of Session 2012-13

Department for Transport

Completion and Sale of High Speed 1

Summary of the Committee's findings

The high speed railway linking London to the Channel Tunnel, known as High Speed 1, has now been fully open for almost five years. Since opening, the line has had a good performance record and the Department for Transport can be proud of some aspects of the project. A revised timetable and budget were established in 1998 and the line was constructed within this revised timeframe and revised budget. In 2010, the Department managed the sale of HS1 Limited, which has a concession to operate the line for 30 years, in an exemplary manner.

Background resources

- NAO report: *Completion and sale of High Speed 1* - Session 2010-12 (HC 1834)
- PAC report: *Completion and sale of High Speed 1* - Session 2012-13 (HC 1938)
- Treasury Minute: November 2012 (Cm 8467)
- Treasury Minute Progress Report: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), 3 recommendations were implemented and the department disagreed with 2 recommendations. 1 recommendation remained work in progress, which has now been implemented, as set out below.

5: Committee of Public Accounts conclusion:
Unrealistic passenger estimates for High Speed 1 must not be repeated in the business case for HS2.

Recommendation:
The department should rework their passenger demand forecasts and benefit-to-cost ratio for HS2 based on a more realistic estimate of ticket prices. Its assumptions must be transparent so that sounder judgements on passenger demand can be made in future.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 A revised economic case for HS2 was published on 29 October 2013.[8] This includes evidence regarding the impact of changes to the overall level of fares on the case for HS2. It also provides an indicative assessment of how different operating environments and responses by train operating companies might impact on the economic case. The department expects to have considered further the impact of fares, in the full business case for HS2, which will follow Royal Assent of the Hybrid Bill for Phase One.

[8] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/286611/hs2-economic-case.pdf

Tenth Report of Session 2012-13

Cabinet Office

Implementing the transparency agenda

Summary of the Committee's findings

The Government's objectives for transparency are to strengthen public accountability, to support public service improvement by generating more comparative data and increasing user choice, and to stimulate economic growth by helping third parties develop products and services based on public information. The Government announced a programme of information release in two open Prime Minister's letters in May 2010 and July 2011, and made further commitments as part of the Autumn Statement in November 2011.

Background resources

- NAO Report: Implementing transparency - Session 2010-2012 (HC 1833)
- PAC Report: Implementing the transparency agenda - Session 2012-2013 (HC 102)
- Treasury Minute: November 2012 (Cm 8467)
- Treasury Minute: Progress report on implementation of recommendations, July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations were implemented. 3 recommendations remained work in progress, of which 1 has now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The presentation of much Government data is poor.

Recommendation:
The Cabinet Office should ensure that the publication of data is accessible and easily understood by all; and where Government wants to encourage user choice, there are clear criteria to determine whether Government itself should repackage information to promote public use, or whether this should be done by third parties.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2015.

2.2 The Cabinet Office works with users within and outside Government to identify what data people want and how the department can improve publication across Government. The department's priority is to ensure the reliable release of open data to strengthen accountability; improve public services and stimulate economic growth. The department helps Government departments ensure the quality and accessibility of data, in line with public data principles, agreed by the Public Sector Transparency Board. Users are able to download available data via data.gov.uk in appropriate formats.

2.3 The Government Digital Service's Performance Platform and Data Science teams help Government departments visualise data to make it accessible to all. The department is working to implement service level agreements for datasets in the National Information Infrastructure, which will guarantee the quality, format, accessibility and frequency of data releases.

3: Committee of Public Accounts conclusion:
In some sectors different provider types are subject to different transparency requirements, and this undermines the comparability of data for users.

Recommendation:
Government should ensure that there is a level playing field in information requirements between different provider types, for example, academies and maintained schools, so that the Committee can know the cost per pupil in different settings.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Department for Education now publishes the Income and Expenditure in Academies Statistical First Release (SFR). This SFR covers data on the income and expenditure of academies in England and shows, for each academy, the per-pupil income and expenditure for the year. It has been produced in response to the department's commitment to publish Academy Trusts' financial data in a form that is comparable with the publication of Local Authority maintained schools data (Consistent Financial Reporting (CFR)).

3.3 The department has aligned the academies' Accounts Return (AR) dataset with the CFR dataset as far as possible, given that academies are directly responsible for a number of services, such as audit, that local authorities provide to maintained schools free of charge. Academies' spending on these functions will be distributed across a wide range of categories in their AR. This needs to be taken into account when comparing cost per pupil in different settings.

5: Committee of Public Accounts conclusion:
The Government has not got a clear evidence based policy on whether or not to charge for data.

Recommendation:
The Cabinet Office should work with the Department for Business, Innovation and Skills to establish whether the economic benefits from making traded data freely available would outweigh the revenue lost.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2015.

5.2 The Cabinet Office continues to work with the Department of Business, Innovation and Skills (BIS) to evaluate the economic benefit of releasing traded data. Following the recent announcement by the Ordnance Survey (OS) of its ambitious open data package, and in recognition of the costs of releasing open data, BIS, the Cabinet Office and the Treasury have agreed to undertake a detailed cost benefit analysis of further open data releases by OS in 2015. Furthermore, the Cabinet Office are engaging with survey work by the Open Data Institute and BIS to better understand the impact of open data on businesses so that future priority areas for action can be identified.

5.3 These steps add to progress made since the Committee published its report. For example, Companies House has announced that it will be making all of its digital data available for free re-use in 2015; Land Registry has committed to expanding their Price Paid Data to include data on commercial properties; and the Met Office has continued to add data to their DataPoint service including Marine Observations.

Fourteenth Report of Session 2012-13

Cabinet Office

Assurance for major projects

Summary of the Committee's findings

The Major Projects Authority was set up in 2011 to address weaknesses in the central system for assuring major projects across Government. The Authority, a partnership between the Treasury and the Cabinet Office, is responsible for examining and reporting on projects, and intervening where they are going off track. The Authority has made good progress in its first year, but, with only one third of major projects being delivered to time and budget, much more needs to be done.

Background resources

- NAO report: Assurance for major projects - Session 2010-12 (HC 1698)
- PAC report: Assurance for major projects - Session 2012-13 (HC 384)
- Treasury Minute: February 2013 (Cm 8556)
- Treasury Minute: Progress report on implementation of recommendations, July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), 5 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

5: Committee of Public Accounts conclusion:
The Authority's Major Projects Leadership Academy is a welcome step forward in strengthening the project management skills of civil servants, but retaining and making best use of those trained will be a challenge. The Committee supports both the launch of the Academy and the proposed requirement for all Senior Responsible Owners to have to attend it, as means of addressing longstanding concerns about the quality of project delivery skills within Government.

Recommendation:
The Executive Director of the Authority (as head of the Government's project and programme profession) should be responsible for co-ordinating the career planning and deployment of staff with relevant project management skills across Government, and particularly those graduating from the Leadership Academy, to minimise staff losses in this area.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 A key responsibility for the new Chief Executive of the Civil Service is to embed "functional leadership" across Government. In recognising that the skills needed are increasingly specialised, the heads of each of the cross-government functions – including project delivery – will operate as the head of profession. The heads of each function will have clearly defined roles in managing talent within their profession (including through controlling recruitment, deployment and setting career pathways) and building capability by setting the learning curricula for their profession.

5.3 The Chief Executive of the MPA launched new governance arrangements for the project delivery profession in October 2014. The Head of Profession role in departments is being strengthened and includes responsibility for talent management. The initial focus for talent management will be on MPLA graduates.

5.4 A new steering group for the profession, chaired by the overall Government Head of Profession, and consisting of the Heads of Profession from the seven largest departments, is responsible for setting the strategy for the development of the profession and the development of professionals. The group is considering the project delivery talent management strategy and brokering service.

5.5 MPA has directly supported the career planning of several MPLA graduates, assisting them into project leadership roles, and plans to expand this service. MPA has also been part of the selection process for key project leaders in departments.

5.6 The Annual Refresh of Capabilities Plan, published in summer 2014, set out a series of further actions MPA will take to strengthen the profession.[9]

5.7 The Civil Service Reform Plan includes an action to "substantially improve delivery of major projects by…commencing training of all leaders of major projects through the Major Projects Leadership Academy by the end of 2014". By the end of 2014, the Cabinet Office had 322 project leaders enrolled on the Academy (with 100 having graduated).

5.8 SRO churn remains at a relatively low level (c.10%). A full list of SROs leading GMPP projects was published by MPA on 30 January 2015 in preparation for the issuing and publication of appointment letters in line with the Osmotherly Rules. By 31 March 2015, every SRO leading a GMPP programme or project will have been issued with an appointment letter, setting accountability and expected deliverables on the project.

[9] Civil Service, *The Capabilities Plan: 2014 Annual Refresh*, June 2014

Sixteenth Report of Session 2012-13

Department of Health

Securing the future financial sustainability of the NHS

Summary of the Committee's findings

In 2011-12 NHS organisations in England reported a combined overall surplus of £2.1 billion. There were, however, significant variations in performance between NHS bodies. 377 NHS organisations reported a surplus in the year, but 10 NHS trusts, 21 NHS foundation trusts and three Primary Care Trusts (PCTs) reported a combined deficit of £356 million. Eleven NHS foundation trusts would not have made foundation trust status today given their financial performance, and there is a real concern that some organisations will fail.

Background resources

- NAO report: *Securing the future financial sustainability of the NHS* - Session 2012-13 (HC 191)
- PAC report: *Securing the future financial sustainability of the NHS* - Session 2012-13 (HC 389)
- Treasury Minute: January 2013 (Cm 8534)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8899), 1 recommendation was implemented. 4 recommendations remained work in progress, of which 3 recommendations have now been implemented. 1 recommendation will not be implemented, as set out below.

2: Committee Recommendation
The department and Monitor were unable to explain how they expect proposed risk pools to work.

Recommendation:
The department and Monitor should clarify how risk pools will work from April 2013, and how they will manage the risk of creating an uneven playing field.

2.1 The Government agreed with the Committee's recommendation.

Not implemented.

2.2 The Government published its response to the consultation on *Protecting patients' interests - ensuring continuity of NHS services: proposals for a Health Special Administration procedure for companies* in April 2014. This confirmed that the Government would not be introducing a Health Special Administration (HSA) regime or risk pool in April 2014 as proposed. The intention is to let the Commissioner Requested Services designation process become fully operational so that policy, practical and operational issues associated with a risk-pool can be fully considered. The Government may review the implementation of a risk-pool, alongside a HSA regime, in the future.

3: Committee Recommendation
The department has not clearly explained the circumstances in which it would apply the failure regime to hospital trusts.

Recommendation:
The department, Monitor and the NHS Commissioning Board must set out clear principles for intervention that explain to trusts and the public the circumstances in which they would implement the special administration regime, and what the consequences would be, including whether an insolvent trust would be allowed to fail and how Ministerial intervention will work.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The department and Monitor have revised their statutory guidance to Trust Special Administrators appointed to NHS Trusts and NHS Foundation Trusts to incorporate the new powers and requirements in the Care Act 2014. Both sets of guidance were subject to review by a Parliamentary Committee and published February 2015.

3.3 The Trust Special Administrator's regime is expected to be triggered only in exceptional cases, as a way of dealing with intractable and significant failure at NHS provider Trusts. The revised guidance will clarify the circumstances in which this could occur. It will set out examples of various actions that are likely to be applied before use of the regime is considered, including warning notices from the Care Quality Commission and the range of intervention powers available to Monitor and the NHS Trust Development Authority. The department has also published criteria[10] for deciding whether to provide turnaround finance to NHS provider Trusts, including Foundation Trusts.

5: Committee Recommendation

Liabilities under PFI contracts create additional problems and cause some trusts to remain in deficit. A number of trusts in financial difficulty have PFI contracts with fixed annual charges that are so high they cannot be financially viable.

Recommendation:

The department should report back to the Committee on whether it has achieved 5% savings on annual unitary charges for PFI projects as the Treasury Pilot concluded were achievable, and whether there has been any adverse impact on services.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 A full data collection exercise on the savings achieved to date at all the health PFI schemes was completed at the end of September 2014 and returns submitted to the Treasury. This confirmed initial analysis that because not all health PFIs have the full range of features – for example: soft FM, insurance cost sharing, a managed equipment service – found at the pilot scheme (Romford Hospital PFI), a 5% saving across all the schemes will not be possible. Given this, the department is looking to extract savings from new areas such as the 'hard FM' element of contracts as well as continuing to work with schemes on the existing value testing programme.

6: Committee Recommendation

Some service reconfiguration, within the NHS, to reduce costs is inevitable, but the relevant cost and outcome data to inform public debate is not available either to CCGs or members of the public.

Recommendation:

The department should work with the NHS Information Centre to ensure that information on costs and outcomes is easy for members of the public to access and understand.

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

6.2 Service reconfiguration should always be underpinned by robust evidence. Assumptions used in reconfiguration vary on analyses of assessed need and planned activity levels using local information and expertise supplemented with national data from the Health and Social Care Information Centre (HSCIC) on areas such as workforce, estates and hospital activity. NHS England reconfiguration policy requires lead organisations to make their evidence base available to

[10] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/365134/SofS_Finance_Guidance_under_Section_42A.pdf

stakeholders and the public throughout; from initial engagement, through public consultation, and decision making. It is the responsibility of the NHS organisations leading the programme to ensure the supportive evidence base is made available to the public.

6.3 The Government published MyNHS in September 2014, a sub-site of NHS Choices. This includes comparable information on hospital quality, hospital costs and efficiency, hospital safety, hospital food, social care commissioning, public health commissioning, public health services, mental health hospitals, and consultant surgeons. Data on GP practices was added in December 2014 helping individuals make more informed decisions about care for themselves or their family.

6.4 The information underpinning MyNHS is already in the public domain on a range of websites, but it can be difficult to find and even harder to compare. Bringing it together allows people or organisations, including intermediaries such as a local Healthwatch or health charities, to hold public services to account for the money they spend and the outcomes achieved. The website is a joint project between the Department of Health, NHS England, Public Health England, the Care Quality Commission and the HSCIC and has been developed with the support of professionals across the health and care sector.

Seventeenth Report of Session 2012-13

Department of Health

Management of Diabetes in the NHS

Summary of the Committee's findings

In 2009-10, there were 2.3 million adults diagnosed with diabetes in England and a further 800,000 people suffering from diabetes who remained undiagnosed. The percentage of the population diagnosed with diabetes doubled between 1994 and 2009 and is continuing to increase. The Department of Health projects that the number of people with diabetes (diagnosed and undiagnosed) will rise from 3.1 million to 3.8 million by 2020. The NAO estimates that, in 2009-10, NHS spending on diabetes services in England was at least £3.9 billion, although this figure is likely to be an underestimate. The projected increase in the diabetic population could have a significant impact on NHS resources.

Background resources

- NAO report: *The Management of Adult Diabetes Services in the NHS* - Session 2012-13 (HC 21)
- PAC report: *The Management of Adult Diabetes Services in the NHS* - Session 2012-13 (HC 289)
- Treasury Minute: April 2013 (Cm 8556)
- Treasury Minute - progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 3 recommendations were implemented and the department disagreed with 1 recommendation. 3 recommendations remained work in progress, of which 1 has now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
The department is not effectively incentivising delivery of all aspects of its recommended standards of care through the payments systems

Recommendation:
The department needs to ensure that its payment systems effectively incentivise good care and better outcomes for people with diabetes.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: March 2016.

4.2 The *NHS Five Year Forward View* sets out the vision for England to become the first country to implement at scale a national evidence-based diabetes prevention programme modelled on proven UK and international models, and linked where appropriate to the NHS Health Check. NHS England and Public Health England will establish a preventative services programme that will then expand evidence-based action to other conditions.

4.3 The *NHS Five Year Forward View* also describes two new models of care: the Multispecialty Community Provider and Primary and Acute Care Systems, which aim to promote more integrated care for patients and a greater focus on outcomes. On 1 December 2014, NHS England and Monitor published *Reforming the payment system for NHS services: supporting the Five Year Forward View*. This sets out suggested payment approaches to support the new models of care and gives information about the building blocks needed to reform the payment system, outlining a phased timetable for doing so.

5: Committee of Public Accounts conclusion:
The department has improved information on diabetes but this information is not being used effectively by the NHS to assess quality and improve care, and cost information needs to be improved.

Recommendation:
The department should use its information to hold the NHS to account and should work with the NHS to ensure that the costs of diabetes are fully captured and understood to promote appropriate services and better outcomes for patients.

5.1 The Government agreed with the Committee's recommendation

Recommendation implemented.

5.2 NHS England has introduced a number of changes to the 2013-14 programme budgeting collection in order to make the information more useful and meaningful to commissioners, including a more detailed breakdown of expenditure by care setting, a strengthened validations process and a new breakdown of miscellaneous expenditure for patients with multiple conditions. The data for 2013-14 will be published in April 2015 and NHS England will continue working with clinical commissioning groups (CCGs) in order to improve the data quality for estimates of expenditure on diabetes.

5.3 NHS England has also published a second version of the 'commissioning for value' packs for CCGs which include a diabetes pathway. This presents information on how CCGs compare with the ten most similar CCGs on a range of indicators along the pathway including prevalence, screening, primary care and emergency admissions. The pack also contains a link to the National Institute for Health and Care Excellence (NICE) diabetes pathway and a case study outlining improvements that a CCG has made to diabetes services.

7: Committee of Public Accounts conclusion:
The projected increase in the diabetic population could have a significant impact on NHS resources.

Recommendation:
The department and Public Health England should set out the steps they will take to minimise the growth in numbers through well-resourced public health campaigns and action on the risk factors for diabetes, such as the link with obesity, and the complications they can cause.

7.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2015.

7.2 Actions to date include publishing *Healthy Lives, Healthy People: A Call to action on obesity in England*, the Public Health Responsibility Deal, including the 2013 Food Network programme, continued investment in the Change4Life programme and the NHS Health Check programme. The Public Health England business plan for 2014-15 highlights the intention to prioritise tackling risk factors associated with diabetes.

7.3 The Government also continues to take wide-ranging action to tackle the risk factors which lead to type 2 diabetes. It has mandated local authorities to offer an NHS Health Check for people between the ages of 40 and 74 to identify serious conditions such as diabetes early and add years to their lives; worked with the food and drinks industry through a voluntary partnership approach to help people reduce their calorie intake; and helped consumers to make healthier choices, reduce the calories in their diet and increase physical activity through the Responsibility Deal voluntary partnership and providing practical advice through NHS Choices and the successful Change4Life campaigns.

7.4 The Government has also ensured greater consistency in the information provided to consumers on pre-packed food as all major UK retailers and several large manufacturers have chosen to adopt the UK-wide recommended scheme on voluntary front of pack nutrition labelling - these businesses are responsible for approximately two-thirds of the food and drink market in the UK. Most of the products recommended by UK Health Ministers incorporating the new voluntary front of pack nutrition labels are now on supermarket shelves. From December 2016, it will be mandatory for most pre-packed foods to carry nutrition labelling, including information on carbohydrates and sugars. Local authorities have been given a ring-fenced budget of £8.2 billion over three years to help them tackle public health issues such as obesity (2013-2016).

7.5 In addition, the Government published *Moving More, Living More*[11], in February 2014, which sets out areas for action across Government and other sectors to deliver its long-term ambition of a year-on-year increase in the number of adults doing 150 minutes of exercise per week and a year-on-year reduction in those who are inactive.

[11] https://www.gov.uk/government/publications/moving-more-living-more-olympic-and-paralympic-games-legacy

Twenty First Report of Session 2012-13

Ministry of Justice

The Ministry of Justice's Language Services Contract

Summary of the Committee's findings

When participants in the justice system do not speak English as their first language, it is essential for justice that they are provided with interpretation services. The Ministry of Justice provides translators and interpreters to defendants at particular stages of the justice process. Before January 2012, the Ministry generally booked interpretation services directly with individual interpreters, many of whom were listed on the National Register of Public Service Interpreters (NRPSI). This approach was administratively inefficient; for example, individual Courts booked and paid interpreters separately. The Ministry decided to set up a new centralised system for procuring language services intending the new system to be better quality, cheaper and more efficient.

Background resources

- NAO report: *Ministry of Justice: Language Service Contract* – Session 2012-13
- PAC report: *Ministry of Justice: Language Service Contract* - Session 2012-13 (HC 620)
- Treasury Minute: February 2013 (Cm 8556)
- Treasury Minute - progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 6 recommendations had been implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

6: Committee of Public Accounts conclusion

Capita-ALS is still unable to provide sufficient numbers of interpreters to meet all of the Ministry's language requirements.

Recommendation:

The Ministry is responsible for all aspects of the efficient administration of the courts and must work with Capita-ALS to develop a more creative approach to recruiting interpreters across all required languages and geographical locations.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 Capita performance during 2014 has remained above 93%, and currently stands at 96%. HMCTS is working with Capita and the courts to achieve the 98% KPI.

6.3 When Capita is unable to provide an interpreter, courts can use contingency plans to make off-contract bookings. HMCTS has tightened this process by introducing financial controls, and improving staff guidance. Off contract bookings continue to decline, accounting for 1.5% of interpreter bookings between April and June 2014, compared to 6.9% during the same period in 2013. This contingency will remain in place throughout the life of the contract, particularly to cover short notice rare language bookings.

6.4 HMCTS and Capita are working together to recruit interpreters to reduce the requirement for off-contract bookings, for example: website advertisements; the National Register of Public Service Interpreters; and external events. These activities has resulted in the number of interpreters increasing by 45% from 1850 to 2680 in the past 12 months.

Twenty Fourth Report of Session 2012-13

Department of Energy and Climate Change

Nuclear Decommissioning Authority: managing risk at Sellafield

Summary of the Committee's findings

The Nuclear Decommissioning Authority, an arm's-length body of the Department of Energy and Climate Change, was set up in 2005 with the specific remit to tackle the UK's nuclear legacy. Sellafield is the largest and most hazardous site in the Authority's estate and is home to an extraordinary accumulation of hazardous waste, much of it stored in outdated nuclear facilities. It is run for the Authority by Sellafield Limited, the company licensed by regulators to operate the site. In November 2008, the Authority contracted with an international consortium - Nuclear Management Partners Limited – to improve Sellafield Limited's management of the site, including the development of an improved lifetime plan.

Background resources

- NAO report: *Managing risk reduction at Sellafield* – Session 2012-13 (HC 630)
- PAC report: *Nuclear Decommissioning Authority: Managing risk at Sellafield* Session 2012-13 (HC 746)
- Treasury Minute: May 2013 (Cm 8613)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations had been implemented. 2 recommendations remained work in progress, of which 1 has now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The lifetime plan for Sellafield may be more credible than previous plans, but it is still not clear that it is sufficiently robust.

Recommendation:
The Authority should develop and apply benchmarks to assess the robustness of the lifetime plan and challenge existing assumptions on costs and timescales for critical projects; and rigorously examine the timetable for the geological disposal facility.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

1.2 The Authority developed benchmarking tools to support their scrutiny of the Sellafield Performance Plan 14 (PP14). This included the challenge of variances between PP14 and the relevant benchmarked costs and schedules. Where appropriate, dates and values were reconsidered and adjusted in the final PP14, which was accepted by the Authority in December 2014.

1.3 Benchmarking dashboards have also been used on all in flight major projects and second contract term major projects with costs greater than £40 million.

1.4 Sellafield Ltd has recognised the work that the Authority has undertaken and in December 2014 submitted a report describing their approach to incorporating additional benchmarking into their routine planning activities.

1.5 Following extensive public and stakeholder consultation in 2013, the Government published a White Paper[12] in 2014 on a revised siting process for a geological disposal facility. The developer (RWM), and the department are now implementing the policy commitments set out in the White Paper.

3: Committee of Public Accounts conclusion

Because of the uncertainty and delivery challenges at Sellafield, taxpayers currently bear almost all of the financial risk of cost increases and delays.

Recommendation:

The Authority should determine how and when it will have achieved sufficient certainty to expect Sellafield Limited to transfer risk down the supply chain on individual projects and then to reconsider its contracting approach for the site as a whole.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2015.

3.2 Performance Plan 14 was accepted by the Authority in December 2014. As part of PP14 development Sellafield Ltd have sought to identify areas where there is sufficient certainty of scope to consider a greater transfer of delivery performance risk to the supply chain. PP14 now provides the basis for a comprehensive review of the approach to procurement and contracting at Sellafield. This review will be performed during 2015.

[12] https://www.gov.uk/government/publications/implementing-geological-disposal

Twenty Fifth Report of Session 2012-13

Department for Transport

Funding for local transport: an overview

Summary of the Committee's findings

The Department for Transport works with local partners to deliver many of its policies. Local authorities play a key role in planning and commissioning transport services, such as bus and light rail, and providing and maintaining roads and other local infrastructure. They spent a total of £8.5 billion on transport in 2010-11. The department provided around a quarter of this (£2.2 billion), with the rest raised locally from council tax, from the £411 million surplus raised from parking levies, or from the Department for Communities and Local Government formula grant.

Background resources

- NAO report: Funding for local transport: an overview - Session 2012-13 (HC 629)
- PAC report: Funding for local transport: an overview - Session 2012-13 (HC 747)
- Treasury Minute: March 2013 (Cm 8586)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee:

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8899), 1 recommendation was implemented and the department disagreed with 2 recommendations. 2 recommendations remain work in progress, as set out below.

2: Committee of Public Accounts conclusion:

Better local transport data is needed to monitor local authority performance and drive value for money.

Recommendation:

The department should specify what data are needed to assess local performance and take the necessary steps to ensure it is available, whether working in partnership with others or mandating minimum data requirements. The department should ensure that transparent mechanisms are in place to ensure that funds raised from parking charges are spent on transport.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2015.

2.2 LG Inform, the LGA's online data and benchmarking tool, was made publicly available on 29 November 2013. The department continues to work, via the Central Local Information Partnership Transport Statistics group, with LG Inform to produce a standard or headline transport report for local authorities, which both they and the public can use to assess local performance.

2.3 Revenue received from on-street parking charges and local authority parking enforcement is ring fenced in Section 55 (as amended) of the Road Traffic Regulation Act 1984 to meet transport and environmental objectives. It is the responsibility of local authorities to comply with legislation.

3: Committee of Public Accounts conclusion:
The department is not clear when or how it will intervene in cases of local transport failure.

Recommendation:
The department should clearly set out, in its accountability systems statement, the information it will use to identify a failure or an unacceptable reduction in the standard of provision, the circumstances under which it would intervene, and what form that intervention would take.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2015.

3.2 The Accountability System Statement has not yet been updated to reflect cases of local transport failure. The update is also dependent on progress with LG Inform during 2014.

Twenty Sixth Report of Session 2012-13

Department for International Development

Multilateral Aid Review

Summary of the Committee's findings

Multilateral organisations can play a very valuable role in development; they often work in politically sensitive areas, can offer economies of scale, broker international agreements and set international standards. The Department for International Development funds a range of these organisations to deliver its objectives. It spends almost half of its total aid budget on core funding for multilateral organisations, amounting to £3.6 billion in 2011-12. The UK is normally only one of many members of multilateral organisations, each of which have their own governance arrangements, policies and priorities. This obviously constrains the department's influence on how the funding it gives is used.

Background resources

- NAO report: *The Multilateral Aid Review* – Session 2012-13 (HC 594)
- PAC report: *Department for International Development: The multilateral aid review* - Session 2012-13 (HC 660)
- Treasury Minute: May 2013 (Cm 8613)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations were implemented. 3 recommendations remained work in progress, all of which have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The department has an opportunity to develop further its understanding of the way multilateral organisations operate ahead of its next full Review in 2015.

Recommendation:
Before its next full Review in 2015, the department should refine its framework to better reflect all types of multilateral organisation and it should map the roles of multilateral organisations, highlighting gaps, overlaps and linkages, to enable informed decisions on who can best deliver the department's objectives.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The department has developed proposals to refine the Multilateral Aid Review (MAR) assessment framework following external feedback and recommendations from multilaterals and external scrutiny bodies. These include removing duplication across components, clarifying language used to describe components and indicators, and amending the framework to ensure greater adaptability to different multilateral business models. The department will continue to consider whether further improvements can be made up to the point of a full MAR review.

2.3 The department has undertaken a pilot mapping exercise of multilateral organisations engaged in the area of economic development, analysing engagement by geographical footprint and by sector spend. This level of mapping provides useful information on delivery options to help inform financing decisions. The department will review whether more detailed analysis at country assessment level would also be useful. Further mapping work is currently on going in the peace and security, humanitarian, nutrition and health sectors.

4: Committee of Public Accounts conclusion:
The department's review has encouraged other donor countries, such as Australia and Denmark, to conduct similar assessments.

Recommendation:
The department should work with those open to collaboration to agree reform priorities for key multilateral organisations and alternative ways of delivering objectives if organisations do not improve, with a view to greater collaboration in its 2015 assessment.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The department has engaged extensively with other donors on reshaping the Multilateral Organisation Performance Assessment Network to provide the main means of collaboration with other donors. The revised multilateral effectiveness assessment process will assess up to 15 multilateral organisations over a two year period, with greater attention to results delivered and with increased evidence on country level performance. The reports will give the evidence on which donors can agree shared objectives for reform priorities, as appropriate. The first round of assessments is expected to begin in Summer 2015.

5: Committee of Public Accounts conclusion:
The department has so far made only limited assessments of the relative cost effectiveness of multilateral and bilateral aid in achieving its objectives.

Recommendation:
As better data becomes available the department should increase its use of comparisons of bilateral and multilateral aid.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The department has increased the use of comparisons between delivery channels, where this is judged to be suitable. It has undertaken a review of the appraisal of investments set out in multilateral business cases to ensure that in those cases where systematic comparisons between delivery channels can meaningfully be undertaken, they are. It has also developed a draft framework to help with this which it is testing with new business cases.

5.3 The department has been increasingly examining the overall balance of funds going through the different delivery channels at the aggregate level. Where the department has identified barriers to comparisons, such as data availability, it is working to address these.

Twenty Ninth Report of Session 2012-13

HM Revenue and Customs

Tax avoidance: tackling marketed avoidance schemes

Summary of the Committee's findings

Tax avoidance - using tax law to gain a tax advantage not intended by Parliament - reduces the money available to fund public services and is completely unfair to the majority who pay the tax due. HM Revenue and Customs estimates that in 2010-11 the tax gap due to avoidance was £5 billion. HMRC further estimates that the present total tax at risk from avoidance over time is £10.2 billion. There is a proliferation of contrived schemes, which exploit loopholes in legislation and abuse available tax relief schemes. Far too much public money is lost through avoidance and HMRC needs a much more robust approach.

Background resources

- NAO report*: Tax avoidance: tackling marketed avoidance schemes* – Session 2012-13 (HC 730)
- PAC report: *Tax avoidance: tackling marketed avoidance schemes* – Session 2012-13 (HC 788)
- Treasury Minute: May 2013 (Cm 8613)
- Treasury Minute: progress in implementing recommendations July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As at the last Treasury Minute (Cm 8899), 2 recommendations were implemented. 4 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
Promoters of avoidance schemes run rings around HMRC.

Recommendation:
HMRC should assess the effectiveness of the full range of measures available to reduce avoidance, including those used in other countries, and identify the measures it will introduce to reduce the tax lost to avoidance, reporting to us on its progress.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 Finance Act 2014 introduced legislation to tackle the most aggressive avoidance scheme promoters (High Risk Promoters rules). This will enable the department to issue a notice setting out its view that users of failed avoidance schemes should amend their return or risk a penalty (Follower notices). The legislation should also accelerate payment of disputed tax in failed avoidance schemes and schemes notified under Disclosure of tax avoidance schemes (DOTAS) or subject to the General Anti-Avoidance Rule (GAAR). Legislation is also included in the National Insurance Contributions (NIC) Bill currently before Parliament to extend these measures to NICs.

1.3 The department has started to implement these measures and has issued around 3,000 Accelerated Payment notices covering almost £1 billion of tax since August 2014. The department has also started contacting the first promoters caught by the High- Risk promoter's rules. Following a consultation on enhancing and strengthening the DOTAS and VADR disclosure regimes, draft Finance Bill 2015 includes a package of measures to implement the proposals on strengthening DOTAS that were subject to consultation.

2: Committee of Public Accounts conclusion:
There is insufficient transparency about those who market or use tax avoidance schemes.

Recommendation:
The Government should consider how to increase transparency by naming and shaming those engaged in the business of tax avoidance and use it to discourage such activity.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 Finance Act 2014 introduced legislation to encourage the most aggressive avoidance scheme promoters them to improve their behaviour. If, following engagement with the department, they don't change their ways, then the department can apply to the tax tribunal to issue a Monitoring Notice, publishing the promoter as high-risk and so help steer the public away from engaging with them. The promoter must include their monitored status on all future marketing material and current clients, including those sold relevant schemes by an intermediary, must be contacted and made aware.

2.3 The department is also considering further options to tackle serial avoiders. This includes proposals for publishing taxpayer's names when they have shown a willingness to try and avoid tax on multiple occasions. Following a consultation on enhancing and strengthening the DOTAS and VADR disclosure regimes, draft Finance Bill 2015 includes provisions enabling the department to publish certain information about promoters and disclosed schemes.

2.4 In addition to legislative change, the department is making good use of communications to deter customers from using marketed avoidance schemes as part of its avoidance communications strategy. The first in a planned series of publications titled: *Ten things you need to know about tax avoidance* was published on 5 November 2014. The department also publishes warnings about named avoidance schemes in 'Spotlights' and publicises decisions by the tribunals and courts, which puts detailed information about avoidance schemes, their promoters and users into the public domain.

4: Committee of Public Accounts conclusion:
HMRC is not doing enough to tackle those promoters who are determined to avoid disclosure, or to prevent promoters from mis-selling schemes.

Recommendation:
It should ensure it is making full use of its existing, or potential, powers to tackle uncooperative promoters and should publicise what it is doing to make clear that it is serious about addressing this problem.

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 Finance Act 2014 introduced legislation enabling the department to apply to the tax tribunal to issue a Monitoring Notice, publishing a non-compliant promoter as high-risk and so help steer the public away from engaging with them. The tax tribunal can impose penalties of up to £1 million if they fail to comply with the conditions placed on them. The department has begun to apply this legislation, contacting a number of promoters to discuss how they need to change their behaviour. Should discussions not lead to an improvement in behaviour, the department will move swiftly to issue Monitoring Notices.

4.3 The department has brought together all its experts on promoters into a new team to streamline and intensify work to tackle unacceptable promoter behaviour. The department has also created a network of all those working on related cases to ensure co-ordinated action against all linked promoter entities and schemes. In addition Autumn Statement 2014 announced a new Taskforce to enforce DOTAS compliance. The purpose of this team is to identify and tackle any attempts to promote or use avoidance schemes outside of the regulatory framework.

5: Committee of Public Accounts conclusion:
HMRC does not know how much it spends on its anti-avoidance work, and has not evaluated the effectiveness of its efforts.

Recommendation:
HMRC should improve its recording and monitoring of the cost of its anti-avoidance work and set out clearly how it will evaluate its anti-avoidance strategy.

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

5.2 At the start of 2014, the department centralised the vast majority of resources dealing with marketed avoidance in the new Counter Avoidance directorate, making it much easier to measure and assess the resource it expands on countering marketed tax avoidance (nearly £40 million in 2014-15). This includes resources dedicated to the introduction of new tools, such as Accelerated Payments. The department is using a range of measures to evaluate the effectiveness of its Counter-Avoidance strategy and will continue to refine the data and enhance the analytics over coming months.

Thirty Second Report of Session 2012-13

Ministry of Defence

Managing the defence inventory

Summary of the Committee's findings

The department has recognised that it is wasting significant amounts of public money buying more inventory - its store of supplies and spares - than it uses. Between April 2009 and March 2011, the department purchased 38% more raw material and consumable inventory, such as clothing or ammunition, than it used, at a value of £1.5 billion. The department has also not consistently disposed of stock it no longer needs or does not use regularly. Over £4.2 billion of non-explosive inventory has not moved at all for at least two years and a further £2.4 billion of non-explosive inventory already held is sufficient to last for five years.

Background resources

- NAO report: *Managing the defence inventory* - Session 2012-13 (HC 190)
- PAC report: *Managing the defence inventory* - Session 2012-13 (HC 745)
- Treasury Minute: May 2012 (Cm 8613)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), 3 recommendations were implemented. 3 recommendations remain work in progress, as set out below.

1: Committee of Public Accounts conclusion:
The department has made little progress in improving its management of inventory over the last 20 years.

Recommendation:
The department should develop an end-to-end approach, which addresses the underlying causes of poor inventory management by incentivising the right behaviours across all parts of the process, covering the ordering, storage and disposal of inventory.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: March 2016.

1.2 The department is implementing the recommendations through the Inventory Management Transformation (IMT) project. Vision and Targets were articulated in Chief of Defence Materiel's endorsed Inventory Management Strategy (IMS) published in February 2013. This set the intent to achieve against the Financial Year 2011-12 baseline, a reduction of Inventory purchasing by £561 million per annum and a reduction of Inventory stock by Gross Book Value of £9.5 billion from a revised target of £40.3 billion to a strategic target of £30.8 billion by 31 March 2016.

1.3 The approach is to deliver to a demanding timescale along three work strands; gaining control of inventory inflow; a reduction and disposal of Defence inventory, and establishing the management system and processes for a sustainable organisation with the right culture and behaviours to deliver the future inventory need. The Inventory Management Operating Centre was formed in December 2013 to lead on the delivery of the IMT objectives.

1.4 At the close of Financial Year 2013-14, the department had delivered a stock reduction in the Defence Inventory to £34.4 billion, and the purchasing of Raw Materials and Consumables was £1.06 billion against a Control Total of £1.12 billion, a cumulative reduction of £1 billion against the Financial Year 2011-12 baseline of £1.7 billion. The department remains on course to deliver the financial targets by March 2016. Through new management systems, the department has set demanding

financial control targets for 2014-15, and is setting these again for Financial Year 2015-16 in order to achieve further improvements in the reduction of purchasing and the total level of the Defence Inventory.

4: Committee of Public Accounts conclusion:
The department does not have the information it needs to manage its inventory effectively.

Recommendation:
To reduce the risk that current expenditure on new inventory systems is wasted, the department should fully cleanse and reconcile its existing inventory data so that its new inventory management systems hold accurate and complete information.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Q2 – 2016.

4.2 From June 2014 the DE&S piloted the Data Quality Assessment Tool (DQAT) with a number of Project Teams, which identified issues with governance and processes. These are being addressed with a new policy that introduces a rigorous assurance regime across all logistics data. In order to drive consistency into the delivery of Support, Assistant Chief of Defence Staff (Logistics Operations) and the DE&S are undertaking a comprehensive programme of process definition. These processes and standards will be published through the Defence Logistics Framework (DLF) and will provide the baseline for assurance audits. A comprehensive data cleansing plan is underway as preparatory work for the introduction of a new Logistics Information System for the Air domain.

4.3 The introduction of the Logical Data Model (LDM) will address an inability to provide a single view of a given transaction or demand for the complete supply chain through various inventory management systems. An initial LDM was delivered in June 2014. As an integral component of an Enterprise Data Warehouse (EDW) capability this is to be developed over time, in order to build a complete inventory management picture and to enable more effective supply chain decisions to be made through the provision of accurate and timely data.

6: Committee of Public Accounts conclusion:
Skills gaps are delaying the department's progress in improving inventory management.

Recommendation:
The department should identify where skills gaps are delaying progress in improving inventory management, and discuss with the Cabinet Office how to improve its ability to recruit staff with the commercial skills required.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: March 2016.

6.2 As part of the Inventory Management Transformation (IMT) project, the establishment of an Inventory Management (IM) professional community of interest has enabled authority, leadership and development across the function. Further development continues, which will be aligned to the wider DE&S transformation through the Materiel Strategy programme.

6.3 A workforce and skills planning workstream is identifying present and future roles to support business needs. The department will implement a revised customer-focussed IM structure, and has initiated regular, programmed engagement with all Chiefs of Materiel and Principal Inventory Managers. The new suitably qualified and experienced persons (SQEP) process will provide appropriate governance, accountability and performance metrics, including revising and implementing IM skills and training.

6.4 A newly developed IM Professional Development Maturity Matrix offers visibility of progress and identifies areas of further need. A quarterly IM Professional Pillar Management Group is driving forward best practice across the profession in the areas of leadership, standards, competencies and talent management. The vacancy rate for IM staff has reduced from an average of 25% to 14% following sustained recruitment campaigns; 50% of those recruited in the last 12 months were candidates with recent industry and commercial experience.

Thirty Fourth Report of Session 2012-13

HM Treasury

Managing budgeting in Government

Summary of the Committee's findings

The Government needs strong budgetary systems to be able to control and manage public spending and to provide high quality public services that offer value for money to the taxpayer. Departmental spending is approved by Parliament in the annual budget process based on the multi-year budgets set in the spending review. The 2010 Spending Review set a four-year spending total for each department. The Spending Review focused on reducing public spending and delivering the coalition Government's programme.

Background resources

- NAO report: *Managing Budgeting in Government* – Session 2012-13 (HC 597)
- PAC report: *Managing Budgeting in Government* – Session 2012-13 (HC 661)
- Treasury Minute: May 2013 (Cm 8613)
- Treasury Minute - progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations were implemented and the department disagreed with 1 recommendation. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
Political and contractual commitments limit the ability to allocate resources to achieve best value.

Recommendation:
The Treasury and departments should identify, before each spending review, existing commitments and future funding pressures to make sure overall expenditure plans are realistic and sustainable in the longer term.

1.1 The Government agreed with Committee's recommendation.

Recommendation implemented.

1.2 Protections were reaffirmed at Budget 2013 for the 2013 Spending Round. In addition, the Treasury has a longstanding agreement with departments that all commitments to significant expenditure in future Spending Review periods are subject to Treasury approval.

2: Committee of Public Accounts conclusion:
The Government does not fully understand the impact of cuts as it focuses on short-term priorities rather than the longer term view.

Recommendation:
Departments should model the financial and operational implications of different spending options to support their bids for funding in the next spending review.

2.1 The Government agreed with Committee's recommendation.

Recommendation implemented.

2.2 Departments were issued with resource expenditure planning assumptions for the 2013 Spending Round and asked to model how these reductions could be achieved. The Government also conducted a zero-based review of capital expenditure, with departments demonstrating the economic benefit of their proposed spend, and taking a long-term approach to capital, setting plans out to 2020-21 for the most economically valuable areas of capital expenditure. Autumn Statement 2014 built on this approach setting out detailed commitments for over £30bn capital expenditure out to 2020-21.

Thirty Eighth Report of Session 2012-13

Department for Work and Pensions

Managing the impact of Housing Benefit reform

Summary of the Committee's findings

Housing Benefit helps those on a low income in social or private housing to pay all or part of their rent. It is overseen by the Department for Work and Pensions and administered by local authorities. Housing Benefit supported some five million households in Great Britain in 2011-12 at a cost of £23.4 billion. As part of the measures announced in the Emergency Budget of June 2010 and the Spending Review of October 2010, the Government is reforming Housing Benefit to reduce annual expenditure. Changes include reductions in the rates paid for private rented sector claimants and deductions in payments to social sector tenants in under-occupied homes.

Background resources

- NAO report: Managing the impact of Housing Benefit reform- Session 2012-2013 (HC 681)
- PAC report: Managing the impact of Housing Benefit reform – Session 2012-2013 (HC 814)
- Treasury Minute: June 2013 (Cm 8652)
- Treasury Minute - progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations were implemented and the department disagreed with 1 recommendation. 2 recommendations remained work in progress, of which 1 has now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
The department does not seem to have thought through adequately the impact of its position on income from lodgers.

Recommendation:
The department must monitor the impact of this change.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: May 2015.

3.2 Universal Credit is being rolled out in a safe, secure and controlled way using a 'test and learn' approach. The department expected a small proportion of Universal Credit recipients who had lodgers to be affected and during rollout there has been no evidence to date that suggests further analysis is needed in this area. The department will continue to closely observe the implementation of Universal Credit.

6: Committee of Public Accounts conclusion:
There is a risk that the introduction of direct payments of housing benefit to tenants living in social housing could lead to an increase in rent arrears and evictions.

Recommendation:
The department should closely monitor the impact of the changes on social housing landlords and individual families, and respond quickly if there is an unintended adverse impact on the finances of social housing landlords or local authorities.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The department, working in partnership with local authorities and landlords, continues to strengthen the handling of the housing cost element within Universal Credit including the establishment of specialist housing teams who act as single points of contact for issue resolution. A set of triggers have been implemented to identify and avoid repeated underpayment of rent to landlords. Work coaches offer budgeting support to claimants where appropriate to support them in managing their rental commitments. If arrears reach the equivalent of two months' rent, a managed payment to the landlord will be put in place.

6.3 The department has also commissioned independent research into the effects of direct payments and has published both 12 and 18 month reports detailing their findings.[13]

[13] https://www.gov.uk/government/publications/the-direct-payment-demonstration-projects-dpdp

Thirty Ninth Report of Session 2012-13

Department of Health

Progress in making NHS efficiency savings

Summary of the Committee's findings

The Department of Health has estimated that the NHS needs to make efficiency savings of up to £20 billion in the four years to 2014-15. This should allow the NHS to keep pace with the growing demand for healthcare and live within its tighter means. The department reported that the NHS made savings of £5.8 billion in 2011-12, virtually all of that year's forecast of £5.9 billion. The department expected that by the end of 2012-13 the savings made would total £12.4 billion.

Background resources

- NAO report: *Progress in making NHS efficiency savings* – Session 2012-13 (HC 686)
- PAC report: *Progress in making NHS efficiency savings* - Session 2012-13 (HC 865)
- Treasury Minute: June 2013 (Cm 8652)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), 4 recommendations were implemented. 2 recommendations remained work in progress, all of which have now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
The Committee was concerned that the NHS is seeking to make savings by rationing patients' access to certain treatments

Recommendation:
Building on the work started by the department, the NHS Commissioning Board should, as a matter of urgency, set clear, evidence-based eligibility criteria for access to services and make these publicly available.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 NHS England has published a number of interim generic policies to ensure fair and consistent decision making across its direct commissioning responsibilities. The policies describe NHS England's approach on issues including: Individual Funding Requests; access to treatments for patients moving between commissioners; and how NHS England will implement guidance from the National Institute for Health and Care Excellence (NICE). NHS England is continuing to review these policies as part of its change programme for specialised commissioning.

3.3 NHS England also provides guidance to CCGs, and has an assurance process to monitor CCGs' progress in commissioning services that best meet the needs of their patients. Both NHS England and CCGs remain accountable for commissioning services that are in line with the NHS Constitution.

4: Committee of Public Accounts conclusion:
The NHS has made the obvious savings, particularly through wage freezes, first but will need to change fundamentally the way healthcare is provided to secure the level of savings needed in the future

Recommendation:
The department and the NHS Commissioning Board should set out their plans for delivering the level of savings required from service transformation, including how they intend to redesign payment mechanisms to encourage NHS bodies to work together.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The department and NHS England do not have standalone plans for delivering savings from service transformation; service transformation is an integral part of commissioning plans, and implementing the Five Year Forward View will be key here. NHS England and CCGs' plans are designed to secure sustainable efficiency savings, including through transformational change and redesigning clinical services. NHS England is developing a five-year planning process for the period up to 2020, and is committed to developing and overseeing a framework for major service reconfiguration, setting out roles and responsibilities of different organisations, including securing sustainable efficiency savings in the planning process.

4.3 NHS England and Monitor are working on the redesign of payment mechanisms. They issued a joint discussion paper in May 2013 to seek feedback on early thinking on objectives and design options. That has helped to guide their work on long-term options for the design of the payment system, and NHS England and Monitor published "Reforming the Payment System for NHS Services: Supporting the Five Year Forward View" on 2 December 2014.

Forty First Report of Session 2012-13

Department for Education

Managing the expansion of the Academies Programme

Summary of the Committee's findings

Academies are publicly funded independent state schools. They are funded directly by central Government, directly accountable to the Department for Education, and outside local authority control. They have greater financial freedoms than maintained schools, for example to set staff pay and conditions. In May 2010, the Government announced its intention to allow all schools to seek academy status. By September 2012 the number of open academies had increased tenfold, from 203 to 2,309.

Background resources

- NAO report: *Managing the expansion of the Academies Programme* - Session 2010-12 (HC 682)
- PAC report: *DFE: Managing the expansion of the Academies Programme* - Session 2010-12 (HC 787)
- Treasury Minute: June 2013 (Cm 8652)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), 5 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

5: Committee of Public Accounts conclusion:
Forthcoming staff cuts at the department and its agencies may threaten effective oversight as the Programme continues to expand.

Recommendation:
The department should review the Programme's central resource requirements, and the extent to which efficiency savings expected from new IT systems and assurance processes are being realised, and are sufficient to offset the need for further resources.

5.1 The Government partly agreed with the Committee's recommendation.

Target implementation date: May 2015.

5.2 The department is continuing to keep its resource requirements under review and, as part of that review, takes account of the impact of technological and policy developments. The department is currently reviewing its processes and resource requirements in the light of the appointment of Regional School Commissioners.

Forty Fourth Report of Session 2012-13

HM Revenue and Customs

Tax Avoidance: the role of large accountancy firms

Summary of the Committee's findings

Confidence in the UK tax system can only be maintained if every company and every individual is seen to be paying their fair share of tax. The Committee held hearings in 2012 to investigate why some multinational companies pay little corporation tax despite doing a large amount of business in the UK, and why some individuals can get away with using contrived schemes to avoid tax. The Committee was also concerned about the role of tax advisors and in January 2013, took evidence from Deloitte, Ernst and Young, KPMG, and PWC to understand more about the nature of the tax advice they provide.

Background resources

- PAC report: *Tax avoidance: the role of large accountancy firms* - Session 2012-13 (HC 870)
- Treasury Minute: June 2013 (Cm 8652)
- Treasury Minute – progress on implementing recommendations: July 2014 (Cm 8899)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8899), the department disagreed with 3 recommendations. 3 recommendations remained work in progress, all of which have now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
The Committee welcomes the four firms' agreement that tax laws are out of date and need revising.

Recommendation:
In line with the Committee's first recommendation in its Nineteenth report, the UK must take the lead in demanding the urgent reform of international tax law.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 At the Los Cabos summit in June 2012, G20 leaders emphasised the need to prevent base erosion and profit shifting (BEPS) and highlighted their interest in the OECD's ongoing work in that area. On 5 November 2012, the UK and Germany made a joint statement calling on the G20 to back the OECD's BEPS initiative for concerted international cooperation to strengthen international standards for corporate tax regimes. To demonstrate the Government's commitment to the BEPS project, the UK contributed €550,000 to the OECD in November 2012 to help ensure that work progresses to the ambitious timetable. The UK used its presidency of the G8 to continue to successfully build international support for the BEPS project, with G8 leaders confirming their support at Lough Erne in June 2013.

4.3 The OECD *Action Plan on Base Erosion and Profit Shifting*[14] (BEPS) was published in July 2013 and endorsed at the G20 Meeting of Finance Ministers and Central Bank Governors in Moscow on 20 July 2013. The *Action Plan on BEPS* sets out a comprehensive set of 15 Action Points for reforming the international tax rules, to ensure that taxing rights over profits are aligned with the economic activities that generate them. The *Action Plan* also sets out a clear timetable for delivery of each action item through to December 2015.

[14] http://www.oecd-ilibrary.org/taxation/action-plan-on-base-erosion-and-profit-shifting_9789264202719-en

4.4 The Treasury and HMRC officials are actively engaged in the OECD Working Party discussions to take forward the work across the BEPS project.

4.5 The first phase of the BEPS project was completed in September 2014, with participant countries reaching agreement on seven OECD reports, which were endorsed by G20 Finance Ministers at their summit in Cairns. The seven reports are: a report on the tax challenges raised by the digital economy; a report on domestic and tax treaty measures to neutralise hybrid mismatch arrangements; an interim progress report on harmful tax practices; a report on addressing treaty abuse; a report on the transfer pricing aspects of intangibles; a report on transfer pricing documentation and a template for country-by-country reporting; and a report the feasibility of developing a multilateral instrument to implement the measures developed in the course of the BEPS project.

4.6 The UK has continued to play a leading role in the BEPS project and demonstrated a commitment to implementing its outputs. At the Autumn Statement 2014 the Government published a consultation document on the UK plans for implementing the G20-OECD agreed rules for neutralising hybrid mismatch arrangements.

5: Committee of Public Accounts conclusion:
Greater transparency over companies' tax affairs would increase the pressure on multinationals to pay a fair share of tax in the countries where they operate.

Recommendation:
The Committee thinks HMRC and the Treasury should push for an international commitment to improve transparency, including by developing specific proposals to improve the quality and credibility of public information about companies' tax affairs.

5.1 The Government agreed with the Committee's recommendation to improve transparency, but did not agree that companies should be forced to disclose details of their tax affairs publically.

Recommendation implemented.

5.2 The *Action Plan on BEPS* includes a proposal to develop a country-by-country reporting template for multinational companies to provide all relevant governments with information on their global allocation of the income, economic activity and taxes paid among countries (Action 13). Through its Presidency of the G8 last year, the UK played a leading role in initiating this proposal, which will give tax authorities worldwide a clear picture of multinational's profit and tax, and enable them to identify potential risks. The OECD published a discussion draft for comment on 30 January 2014, held a public consultation on the proposals in Paris on 19 May, and the work remains on course to deliver to the September 2014 deadline.

5.3 The Government believes that this important initiative will enhance transparency between business and tax authorities, including those of developing countries, by providing tax authorities with high-level information to help them efficiently identify and assess risks.

5.4 In September 2014, the OECD published a report setting out the agreed model for the country-by-country reporting template, which was endorsed by the G20. At the Autumn Statement 2014 the Government announced that it will introduce legislation in Finance Bill 2015 that gives the UK power to implement the G20-OECD agreed model for country-by-country reporting. Draft legislation was published on 10 December 2014 together with a tax information and impact note and an explanatory note. Further guidance on the implementation of country-by-country reporting was issued by the OECD on 6 February 2015.

6: Committee of Public Accounts conclusion:
HMRC is not able to defend the public interest effectively when its resources are more limited than those enjoyed by the big four firms.

Recommendation:
The Government must ensure that HMRC is properly resourced to challenge the advice given by the four firms and others to companies and individuals seeking to aggressively avoid tax.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The department will raise total compliance revenues of £26 billion per annum by the end of 2014-15. That is £9 billion across the Spending Review 2010 period, which would not have been possible without the Government's additional investment. In total, the department expects to secure £100 billion from its compliance activities between May 2010 and March 2015.

6.3 An additional 15 Transfer Pricing specialists were funded by Autumn Statement (AS12) strengthening our response on this specific risk. The Large Business Risk Assessment Taskforce (also funded by AS12) is now fully resourced and has identified tax risk with a current value of over £2.5 billion.

6.4 The Autumn Statement (AS14) announced additional investment in Large Business. The department is fully committed to delivering the policies, including the new Diverted Profits Tax, which will be introduced on 1 April 2015. Further tax professionals will be recruited including Transfer Pricing Specialists to further strengthen our capability across both the Transfer Pricing Group and Large Business Risk Taskforce.

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts: Session 2013-14

Updates on recommendations, previously reported as work in progress, are included in this update:

The recommendations in the reports below were previously fully resolved and are not included in this update:

#	Report Title
3	Financial Sustainability of Local Authorities
4	Tax Credits error and fraud
9	Tax avoidance – Google
10	Redundancy and severance payments
14	Integration across Government / Whole Place Community Budgets
20	BBC's move to Salford
25	Duchy of Cornwall
33	BBC severance packages
34	HMRC Tax Collection: Annual Report and Accounts 2012-13
42	Regulatory effectiveness of the Charity Commission
45	Excess Votes 2012-13
50	Rural Broadband Programme
52	BBC Digital Media Initiative
56	Establishing free schools
58	Probation Landscape Review
60	Promoting economic growth locally

The reports below have implementation dates falling after March 2015. Therefore, these reports are not included in this update:

#	Report Title
40	Maternity services in England
41	Gift Aid and other tax reliefs on charitable donations

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts - Session 2010-12 can be located from page 1 and for Session 2012-13 from page 47.

First Report of Session 2013-14

Ministry of Defence

Equipment Plan 2012-2022 and Major Projects Report 2012

Summary of the Committee's findings

The department's ten-year Equipment Plan sets out its forecast expenditure plans to deliver and support the equipment the Armed Forces require to meet the objectives set out in the *National Security Strategy* over the ten years from 1 April 2012 to 31 March 2022. This is the first time the department has reported to Parliament on the affordability of its ten-year forward plan to purchase and support military equipment.

The plan covers forecast expenditure within a planned budget of £159 billion. The Equipment Plan is split between equipment procurement (£73 billion) and support expenditure (£86 billion). The department's Equipment Plan budget is not ring-fenced and must be managed within the spending limits set by the Treasury along with non-equipment expenditure. The Equipment Plan budget for 2012-13 is 39% of the department's total core funding for the year and the department plans to increase it to 45% by 2021-22.

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Background resources

- NAO report: *Equipment Plan 2012 to 2022* Session 2012-13 - (HC 886)
- NAO report: The Major Projects Report 2012 - Session 2012-13 (HC 684)
- PAC report: Equipment Plan 2012-22 and Major Projects Report 2012 – Session 2013-14 (HC 53)
- Treasury Minute: September 2013 (Cm 8697)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8697), 4 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

5: Committee of Public Accounts conclusion:
The department does not have sufficient controls in place to challenge industry on progress on projects

Recommendation:
As part of its contractual arrangements with suppliers, the department should put in place performance metrics which enable it to monitor project progress and hold industry to account for delivery to agreed timescales, particularly in relation to software projects.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 In December 2013, the decision was taken to establish DE&S as a bespoke trading entity (an Arm's Length Body) from April 2014. The changed status and associated management freedoms marked the beginning of a 3 year timeline to transform DE&S into a best-in-class acquisition and support organisation. DE&S has implemented a new Governance structure, begun developing the processes to deliver transformation, and in November 2014, awarded contracts for Managed Service Providers to assist DE&S in key areas relating to project delivery and human resources.

5.3 DE&S is now working with the MSPs, drawing on industry best practice, to review and improve project controls and programme management and ensure that DE&S enables MOD to more intelligently hold industry to account. Revised training for commercial staff has been identified and implemented to improve contract administration, project control and relationship management.

5.4 Separately, in April 2014, Information Systems and Services (ISS) transferred from DE&S to Joint Forces Command and commenced a fast-paced and far-reaching transformation programme. ISS is implementing a new Operating Model and has been restructured in line with this around the three 'pillars' of Design, Build and Operate. Key to delivering the new Operating Model will be improving ISS' ability to act as an 'intelligent customer'. This includes bringing the 'design authority' back in-house, allowing ISS to take control of its own destiny with respect to ICT delivery and to ensure design, procurement and architectural coherence.

5.5 ISS is also putting in place a new industry engagement model, aimed at getting it back on the 'front foot' with suppliers rather than being driven by them. A new Portfolio Management Office (PMO) will ensure delivery is supported by common programmatics. All of this will improve ISS' ability to deliver information capabilities for Defence, including software project management.

Second Report of Session 2013-14

HM Treasury

Early Action Landscape Review

Summary of the Committee's findings

Early action involves providing public services to address causes rather than symptoms. It is where Government departments, local authorities or other organisations use resources to help prevent or reduce, for example, acute health conditions, and therefore demand on costly public services in the future. Classic examples of early action include encouraging walking and cycling to improve health, and reduce reliance on carbon-intensive transport, and making homes more energy efficient to help reduce carbon emissions and conserve energy.

Background resources

- NAO report: *Early action: landscape review* - Session 2012-13 (HC 683)
- PAC report: *Early action: landscape review* – Session 2013-14 (HC 133)
- Treasury Minute: November 2013 (Cm 8744)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8744), the department disagreed with 2 recommendations. 3 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
There is a lack of leadership on early action, especially at the centre.

Recommendation:
The Treasury should take an active leadership role, in close partnership with the Cabinet Office, in driving and coordinating early action in central government. As a first step the Treasury should establish an agreed, common definition of early action and undertake an exercise to quantify the potential of early action to reduce public spending and increase economic growth.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Next Spending Review.

1.2 Treasury officials have met with members of the Early Action Taskforce to discuss the creation of an agreed, common definition of early action for Government which would support the mapping of current spend. In advance of future Spending Reviews, and in conjunction with departments, the Treasury would expect to look at all the options to reduce public spending and increase economic growth, including the potential of early action spend. The Cabinet Office has established '*What Works*' centres to improve the evidence with which to judge that potential.

4: Committee of Public Accounts conclusion:
The case for early action is hindered by the lack of evidence on the impact and cost effectiveness of early action programmes.

Recommendation:
In collaboration with the 'What Works' centres, the Treasury should provide clear guidance to departments of how to evaluate the cost-effectiveness of early action programmes, and what types of evidence it expects to see.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Next Spending Review.

4.2 Early action projects differ from others because they involve action to prevent harm or improve outcomes in the future. However the kind of evidence required and the means of obtaining it do not differ from other projects and are covered in the Treasury *Green Book* on appraisal and evaluation and the *Magenta Book* on the conduct of evaluation of studies. The Treasury is currently clarifying existing *Green Book* guidance on Appraisal and Evaluation as part of a periodic review of the guidance. Additionally, the Treasury is trialling a scheme to build and sustain improved capacity across the public sector in preparing spending proposals such as business cases.

5: Committee of Public Accounts conclusion:
Joint working remains poor.

Recommendation:
The Treasury, working with departments, should set out how early action budgets could be pooled between departments to bring about the required step change in joint working.

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Next Spending Review.

5.2 The Treasury made steps to pool key early action budgets between departments at the 2013 Spending Round, announcing the creation of a £3.8 billion pooled budget for health and social care services and a further £200 million to extend the Troubled Families programme (funded by contributions from the relevant Government departments). The Treasury intends to monitor the implementation and impact of these pooled budgets and will consider how to extend their use for other similar issues at future Spending Reviews.

Fifth Report of Session 2013-14

Department for Work and Pensions

Responding to change in jobcentres

Summary of the Committee's findings

The Department for Work and Pensions (the department) is responsible for the management of jobcentres, which provide critical support to the unemployed, including those on Jobseeker's Allowance. In 2011-12, nearly 37,000 jobcentre staff across 740 jobcentres supported a caseload of some five million people at a cost of £1.4 billion. In 2011-12, jobcentres helped around 3.6 million jobseekers set up new claims for Jobseeker's Allowance and helped 3.5 million people to leave Jobseeker's Allowance.

Background resources

- NAO report: *Responding to change in jobcentres*- Session 2012-13 (HC 995)
- PAC Report: *Responding to change in jobcentres*- Session 2013-14 (HC 136)
- Treasury Minute : September 2013 (Cm 8697)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8697), 5 recommendations remained work in progress, of which 3 have now been implemented, as set out below.

1: Committee of Public Accounts recommendation
The number of people who stop claiming benefits is a flawed measure of job centres effectiveness.

Recommendation:
The department should identify which indicators it will use to ensure it has a full understanding of the performance of jobcentres under Universal Credit and the destination of claimants, and use this information to better understand whether its interventions are delivering a long term reduction in the number claiming benefits.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: January 2016.

1.2 The department is currently looking at the most appropriate indicators to understand how jobcentres are performing under Universal Credit. One of the key areas of focus for performance is on work rather than just reducing the numbers claiming benefit, in particular the focus of any metrics will be individuals moving into work, sustaining work and increasing earnings within work.

2: Committee of Public Accounts conclusion:
There is a risk that sanctions unfairly penalise the most vulnerable claimants and are applied inconsistently.

Recommendation:
The department should give claimants written warning that they may be sanctioned and should monitor and publish the rate of sanctions by claimant group and jobcentre.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 Safeguards in place ensure claimants understand what behaviour can lead to a sanction. At the initial discussions with a Jobcentre Plus Advisor, the department verbally explains what is required of the individual. The new Claimant Commitment sets out the expectations agreed by the department and individual as well as a clear description of the consequences for their benefit payment if they do not comply with the agreement. Referral notifications for mandatory employment schemes, such as the Work Programme, also set out requirements and possible consequences of non-compliance.

2.3 Where claimants fail to meet work search requirements or demonstrate that they are available and actively seeking work, further warnings are provided. A letter is issued explaining which requirement the department believes the claimant has failed to meet (for example failing to attend a work search appointment) and asks the claimant to provide information before a decision is made. If a decision to impose a sanction is then taken by the department, the claimant receives a letter, explaining why this was imposed, time period affected, appeal process, and about hardship payment availability before any benefit payment is affected.

2.4 Quarterly sanctions statistics[15] are published, which enables a breakdown of sanctions by claimant group and office.

3: Committee of Public Accounts conclusion:
Jobcentres have increased flexibility to take local need into account, but the department does not yet know enough about what works and why.

Recommendation:
The department should gather information on how different jobcentres are managing caseloads and play a stronger role in identifying, evaluating and disseminating good practice.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The department has reviewed the resource allocation model for 2014-15 to provide more streamlined and recognisable allocations for the front facing roles for each of the main client groups of Job Seekers Allowance, Employment Support Allowance, Income Benefit and Income Support. This has facilitated improved benchmarking and productivity comparisons which, in conjunction with the Local Freedoms and Flexibilities operating framework, will help maximise performance and contribute to the wider departmental efficiency drive.

3.3 Alongside this, the department also undertakes *Go Look See* visits to verify and confirm activities are carried out and are achieving expected results while identifying and building on good practice. Key benchmarks and productivity measures are now internally reported and reviewed monthly, and by disseminating data between offices action is then taken to investigate and improve where performance is below expected benchmarks.

4: Committee of Public Accounts conclusion:
The Committee was concerned that increased flexibility for jobcentres may leave greater scope for 'parking' harder-to-help claimants such as those with disabilities.

Recommendation:
The department should review its ability to support disabled claimants, particularly in light of low outcomes for those groups on the Work Programme, and it should follow up in future evaluation work to test more rigorously whether "parking" of claimants is occurring.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

[15] https://www.gov.uk/government/collections/jobseekers-allowance-sanctions

4.2 The department recognises the growing proportion of Employment and Support Allowance claimants on the Work Programme and is focusing on this group. The department has introduced ESA-focused delivery and performance improvement plans, and improved the way Jobcentre Plus shares information with providers. The department is also sampling more ESA cases to assess compliance with providers' service standards, in particular, to ensure contact levels are maintained and individuals are not 'parked'.

4.3 Across the department's employment programmes, the department is working with providers to improve performance on an on-going basis. The department has conducted surveys of ESA claimants who have participated in the Work Programme. The department will use these survey results in the continuous improvement of the Work Programme and to inform future policies.

5: Committee of Public Accounts conclusion:
Technology can improve the services available to jobseekers, but some claimants will struggle with online access and need more support from third parties.

Recommendation:
The department should ensure that there is sufficient support in place to assist vulnerable claimants. It should also include an assessment of the burden on third party advisers in helping people online as part of its monitoring of online take-up under Universal Credit and helping predecessors such as Jobseekers Allowance Online

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: November 2015.

5.2 The department created Universal Support (US) delivered locally, making support available for vulnerable people needing additional help. US proposes the development of delivery partnerships, with local authorities as lead commissioners bringing agencies together. These partnerships will develop the range of services needed to support vulnerable groups. Partnerships are expected to use funding to commission Citizen's Advice, third sector organisations and other advice providers best placed to provide delivery. The department will revise the framework in Autumn 2015 for wider transition to Universal Credit.

5.3 In September 2014, 11 trials went live, for a 12 month period, focussing on a range of support options for 3 key elements. As well as triage and financial inclusion, some LAs and Jobcentre partnerships are trialling models for digital inclusion. This recognises the need to provide additional support to disabled people or those with mental health needs. The department has also successfully rolled out digital capability in all Jobcentres. Claimants can access computers, the internet, and Wi-Fi to undertake job searches/make claims.

5.4 National expansion of UC, during 2015, will include single claimants otherwise eligible for Jobseekers Allowance. The department are establishing delivery partnership agreements with LAs. This ensures funding is available supporting those most vulnerable and needing additional help to make/manage their claim.

Sixth Report of Session 2013-14

Cabinet Office

Improving Government procurement and the impact of Government's ICT savings initiatives

Summary of the Committee's findings

Central Government spent a total of around £45 billion on buying goods and services in 2011-12. These range from items common across departments, such as energy, office supplies and travel, through to specialist areas such as defence equipment and welfare to work services. Since 2010, the Government has introduced a range of procurement reforms intended to achieve savings, to take advantage of Government's buying power to stimulate growth and innovation, and to improve the Government's approach to commissioning ICT services.

Background resources

- NAO report: Improving government procurement - Session 2012-13 (HC 996)
- NAO report: The impact of government's ICT savings initiatives - Session 2012-13 (HC 887)
- PAC report: Improving government procurement and the impact of government's ICT saving initiatives – Session 2013-14 (HC 1024)
- Treasury minute: November 2013 (Cm 8744)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8744), 1 recommendation was implemented. 6 recommendations remained work in progress, of which 3 have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The accountability arrangements remain a barrier to the growth of more efficient, value for money centralised procurement.

Recommendation:
The Cabinet Office should set out formal accountability arrangements supported by detailed service level agreements for each category of procurement managed by the Government Procurement Service. With these in place there should then be sanctions for departments which do not comply.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 In July 2013, the Government announced the creation of the Crown Commercial Service (CCS). To strengthen accountability arrangements, CCS has introduced Business Partners and Business Development Managers who manage face-to-face engagement with customers. They are responsible for putting in place Managed Service Agreements (MSAs) which frame the relationship from roles, responsibilities and accountabilities to key performance indicators (KPIs), service review governance and charging mechanisms. As part of the reporting regime with departments, the Crown Commercial Service produces a dashboard by customer that shows spend opportunities, transitioned and managed, savings and benefits achieved, service performance against KPIs and the results of satisfaction surveys using the service review governance to manage risks and issues.

2: Committee of Public Accounts conclusion:
The procurement and ICT reforms lack the discipline of stretching targets over time and proper data to inform decisions. Despite efforts to improve the availability and accuracy of management information, considerable gaps remain.

Recommendation:
The Cabinet Office and the Government Procurement Service should work with departments to improve the quality of procurement data, and use this to agree detailed plans and targets with each department for the next three years.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: 2015-16.

2.2 The Government's ambition, as reported in the Autumn Statement 2014, is to transition up to £10 billion of annual spend on common goods and services from departments to the Crown Commercial Service (CCS) by 2019-20. The Cabinet Office and the Treasury will also support departments in renegotiating the largest and most complex contracts to release significant savings, and aims to expand further the work of the Crown Commercial Service into the wider public sector to maximise buying leverage. The Crown Commercial Service is developing its business plans and working with departments to identify and agree how these ambitions might be achieved.

2.3 The Government is also addressing the management information it uses to interrogate expenditure and assess progress, for example: the Quarterly Data Summary and the Government Interrogation Spending Tool (GIST). The Government recognises that further work is needed to embed these reforms, improve data quality and audit data more effectively. Departmental spending allocations and targets will be agreed at the next Spending Round.

3: Committee of Public Accounts conclusion:
There is a tension between the government's drive to centralise procurement and its commitment to localism.

Recommendation:
The Cabinet Office and the Government Procurement Service need to ensure greater use of the central contracts in local bodies by providing robust data to demonstrate the benefits, and by improving their communication with the wider public sector.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Government aims to expand further the work of the Crown Commercial Service (CCS) into the wider public sector. CCS is engaging with local bodies to increase aggregate managed spend on common goods and services, and is supporting the NHS, Local Authorities, schools and the police to maximise their buying leverage. CCS communicates the benefits of its services to existing and potential customers in a number of ways, including:

- Producing a dashboard by customer that shows savings and benefits achieved.
- Attending and presenting at events to targeted sectors, markets and across public sector where benefits are promoted.
- Publishing a newsletter to target audiences providing updates that include information on benefits.
- Publishing case studies demonstrating the benefits of its services on GOV.UK

3.3 The Cabinet Office now requires all public sector opportunities valued at over £10,000 for central Government and £25,000 for other authorities to be published on the Contracts Finder website, so that businesses can survey everything on offer from the public sector in one place.

4: Committee of Public Accounts conclusion:
The Government is not using its buying power with suppliers to get the best deal for the taxpayer. This includes ensuring that large government suppliers are paying enough tax on UK profits.

Recommendation:
The Cabinet Office should consider how suppliers' performance and record of paying their fair share of tax impact on procurement decisions. EU public procurement laws should not be interpreted as a barrier to making common sense decisions on procurement.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Crown Commercial Service implemented the policy on promoting tax compliance through procurement in April 2013. This policy is compatible with the existing procurement process, which is to award contracts on the basis of value for money (the optimum combination of cost and quality over the lifetime of the project). It provides a framework for departments to promote tax compliance through the bidding process. It applies to new central government contracts over £5 million advertised on or after 1 April 2013. Procurement Policy Note 09/12 sets out how departments can take into account bidders' past performance during a procurement.[16]

6: Committee of Public Accounts conclusion:
Government still lacks the capability and capacity to commission services, and in the past has acted as if simply buying ICT is a solution in itself

Recommendation:
The Cabinet Office should strengthen its capability and capacity to challenge departmental proposals for ICT procurements, identify failure quicker, and work with departments to accelerate the change in culture from buying ICT to commissioning services.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2015.

6.2 Experienced Crown representatives and the Government Digital Service (GDS) continue to engage with strategic suppliers. IT spending controls, including the use of the Government's 4 red lines for IT, have improved the ability to challenge IT projects, and the Cabinet Office is strengthening its technology reform function to help reshape specific programmes. To address capability, the Cabinet Office will provide support to departments through interim hires and permanent recruitment for technology roles across the Government. The Crown Commercial Service will also have a dedicated facility to support commercial engagement on IT projects.

7: Committee of Public Accounts conclusion:
There is much more to do if the government is going to realise lasting and significant savings from its reforms.

Recommendation:
The Cabinet Office should set out in its Treasury Minute response the improvements it expects in these areas, the money it hopes to save, how it will measure progress, and how the initiatives will be integrated.

7.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2015.

[16] Cabinet Office, Procurement Policy Note – Taking Account of Bidders' Past Performance: Action Note 09/12

7.2 In 2013-14, the Government saved £14.3 billion through efficiency and reform, compared to 2009-10. Reforming procurement and commercial issues; rationalising procurement; and re-negotiating large Government contracts achieved £5.4 billion of savings. The Government is building on this progress with an ambition to save £20 billion per annum by 2014-15 against a 2009-10 baseline. The Government is also putting in place the necessary structures, and the environment, to enable more reform in future.

7.3 The Treasury and the Cabinet Office are working together as the corporate centre to support departments to continue their programme of reform and to deliver future spending consolidations, with central functions, such as the Crown Commercial Service supporting departments. The Government has announced an ambition to achieve £10 billion of savings for 2017-18 with the potential for £15-20 billion of savings for 2019-20. Further details are in 'Efficiency and reform in the next Parliament'.

Seventh Report of Session 2013-14

Charity Commission

Cup Trust and tax avoidance

Summary of the Committee's findings

The Charity Commission registers and regulates around 160,000 charities in England and Wales, with 20-25 organisations seeking to register as new charities every day. The Commission decides whether to register organisations as charitable according to their stated purposes. If an organisation's purposes are exclusively charitable and those purposes are in the public benefit then they qualify as charities under the Charities Act 2011.

The Cup Trust (the Trust) was established by trust deed in March 2009 and the Commission registered it as a charity in April 2009. The Trust has a single trustee, a company called Mountstar, registered in the British Virgin Islands.

Background resources

- NAO report: *Cup Trust* - Session 2013-14 (HC 814)
- PAC report: *Charity Commission: Cup Trust and tax avoidance* – Session 2013-14 (HC 1027)
- Treasury Minute: September 2013 (Cm 8697)

Updated Government response to the Committee

There were 4 recommendations to this report. As of the last Treasury Minute (Cm 8697), 3 recommendations were implemented. 1 recommendations remains work in progress, as set out below.

1: Committee of Public Accounts recommendation:
The Committee does not believe that the Cup Trust ever met the legal criteria to qualify as a registered charity

The Commission should publish the evidence that led it to register the Cup Trust in the first instance and to allow the Trust to remain registered, and should review urgently its conclusion that the Trust meets the legal definition of a charity. If the Commission continues to conclude that the Trust is legally a charity, it should identify ways the law should be changed to ensure that organisations like the Trust are not granted charitable status.

1.1 The Charity Commission agreed with the Committee's recommendation to publish the evidence that led it to register the Cup Trust in the first place and review its conclusion.

1.2 It has reviewed its conclusion that the Cup Trust meets the legal definition of a charity and reached the same conclusion. The Commission will publish justification for this decision after its statutory inquiry, currently the subject of litigation in the Charity Tribunal, is concluded.

Target implementation date: December 2015.

1.3 The Commission will publish justification for its decision to register The Cup Trust after its statutory inquiry has concluded. The inquiry is ongoing. This follows legal proceedings brought by the trustee of The Cup Trust against the Commission's decision to open the inquiry, which were successfully defended by the Commission.

1.4 The Commission has updated its risk framework to make clear its priority to be alert to and deal with the impact of abusive tax arrangements on public trust and confidence. The Commission also recently published a statement outlining its regulatory guidance to trustees on the use of fiscal reliefs available to charities including participation by charities in tax avoidance arrangements. Whilst these matters are primarily for HMRC, the statement reiterates that the Commission will have very

serious regulatory concerns where trustees' use of fiscal reliefs are in breach of their duty to act prudently and in the best interests of their charity in accordance with the responsibilities as set out.

1.5 The Commission continues to strengthen its relationship with HMRC, has a new Memorandum of Understanding and information exchanges between HMRC and the Charity Commission continue to increase. The Commission has also secured a number of positive regulatory outcomes through information exchanges and joint working with HMRC including recent convictions.

Eighth Report of Session 2013-14

HM Treasury

Regulating consumer credit

The Committee's report was published in May 2013 during a regulatory transition in the consumer credit market. Responsibility for regulating this market transferred from the Office of Fair Trading (OFT) to the Financial Conduct Authority (FCA) in April 2014. Policy responsibility has transferred from the Department for Business, Innovation and Skills (BIS) to the Treasury.

Summary of the Committee's findings

In 2011-12 UK consumers borrowed £176 billion from consumer credit providers such as banks, credit card companies and payday lenders. The UK consumer credit market is one of the largest in Europe - a survey in 2008 showed that UK consumers borrowed more in credit as a proportion of GDP than any other major European economy. While mainstream lenders provide most consumer credit the market is changing. Since the financial crisis mainstream lenders have been lending less and the use of other types of lending has increased.

Background resources

- NAO report: *Office of Fair Trading: Regulating consumer credit* - Session 2012-13 (HC 685)
- PAC report: *Regulating Consumer Credit*– Session 2013-14 (HC 165), incorporating HC 866 of session 2013-2014.
- Treasury Minute : September 2013 (Cm 8697)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 8697), 1 recommendation was implemented. 7 recommendations remained work in progress, of which 6 have now been implemented and 1 recommendation has not been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The OFT does not have the information on lenders it needs to regulate them effectively.

Recommendation:
The regulators must ensure that they have up to date and complete information on firms lending in the market and on the directors running these firms.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 All firms holding an OFT consumer credit licence were required to update their details and register with the FCA by 1 April 2014 in order to receive FCA interim permission. By April 2016, all firms with interim permission will have either applied for authorisation from the FCA, become an Appointed Representative of an authorised firm, or will no longer have permission to carry on consumer credit activities.

1.3 When submitting an application for authorisation, firms have to include more information than under the OFT regime, for example: firms applying for full permission must submit a business plan. The FCA operates an approved person's regime whereby it will only approve individuals for a controlled function when it is satisfied they are fit and proper. Authorised firms must inform the FCA of changes to their business model. Firms must also regularly report data[17] to the FCA once fully authorised. The specific information they must report depends on their business activity.

[17] www.fca.org.uk/firms/firm-types/consumer-credit/regulation/reporting-requirements

2: Committee of Public Accounts conclusion:
The OFT lacks a proper understanding of how different people use consumer credit and the significant harm that consumers can suffer if firms do not comply with the regulations.

Recommendation:
The regulators need a much better understanding of how different consumers use credit, and how they may be at risk of harm, so that resources can be properly targeted, especially in such a fast-paced, changing market.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The FCA published research[18] in Q2 2014 on how consumers use key credit products based on talking to consumers about their experiences of using credit across the country.

2.3 The FCA uses information on consumers in its policy work, for example: it combined data from payday lenders and credit reference agencies to help develop a price cap for high-cost short-term credit (HCSTC). It also used information from internal sources, corroborated by external sources such as Citizens Advice, when introducing new rules for credit brokers. In addition, the FCA has developed a consumer segmentation model[19] to better understand consumers' attitudes, behaviour and capability in dealing with financial matters.

4: Committee of Public Accounts conclusion:
The OFT has been under resourced relative to the scale of the problems, and it has not used its powers to vary the licence fees it charges.

Recommendation:
Building on the NAO's analysis of the level of risk to consumers, the regulators must determine the optimal amount of funding needed to proactively protect consumers, and, vary the licence fee charged accordingly.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The FCA's budget to deliver ongoing consumer credit regulation in 2014-15 is £26.2 million (compared with the OFT's annual budget of £11.5 million in 2011-12). The FCA will be publishing its 2015-16 business plan and fees consultation paper in March 2015. The FCA budget to regulate consumer credit is based on a detailed resourcing model. This aims to deliver its operational objectives – including securing an appropriate degree of protection for consumers – as efficiently and effectively as possible.

4.3 In 2014-15 and 2015-16, the FCA is operating a transitional regime for consumer credit that will recover its outstanding costs once firms are authorised. Once authorised all consumer credit firms will be required to pay an annual variable fee. This is calculated on the basis of whether their activities are categorised as full permission (higher risk) or limited permission (lower risk), and their consumer credit income. Smaller firms with limited permission pay one of the fixed minimum fees.

5: Committee of Public Accounts conclusion:
Effective consumer protection is hampered by a lack of clear information and low levels of financial understanding.

Recommendation:
The regulator should strictly enforce the EC Consumer Credit Directive to provide clarity on cash costs, in both advertising and in credit agreements.

[18] www.fca.org.uk/consumer-credit-research
[19] www.fca-consumer-spotlight.org.uk

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Government agrees that it is important that consumers have clear information about the cost of credit products, so that they can compare products and make an informed decision on whether to apply for credit.

5.3 The Consumer Credit Directive requires the total amount payable to be stated in pre-contract information and credit agreements, and in advertising as part of a representative example (where one is included). The FCA monitors compliance with these obligations, and since taking over regulation of consumer credit in April 2014 found 376 firms with instances of non-compliance and has written to these firms to secure changes to their advertising. The FCA reports that, following contact, firms have responded positively, amending or removing the promotions that do not meet its requirements.

5.4 Regarding the issue of requiring the cost of credit to be stated in addition to APR, the Government raised the Committee's findings, and related evidence, with the European Commission during its review of the Consumer Credit Directive.

6: Committee of Public Accounts conclusion:
The Committee was concerned that regulation is not addressing the poor practices of some credit providers, which are leading some consumers into serious difficulties and unmanageable debts.

Recommendation:
The regulators must do more to protect consumers from poor practice and the Committee expects to see firm plans for how they will crack down on home credit selling practices, rollover and multiple loans, and the inappropriate use of CPA, where it is not transparent or is misused.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 As set out in its policy statement,[20] the FCA has been conducting proactive visits of largest firms in a number of credit sectors, including those offering high-cost short-term credit and home collected credit. This comes ahead of all firms offering these products being required to apply for authorisation in one of three application periods ending in the first half of 2015. The FCA's authorisation process will look into firms in more detail than the OFT licensing regime was able to.

6.3 In addition to using its regulatory powers to address concerns in individual firms, ahead of the transfer of regulation, the FCA announced new rules that restrict the use of rollovers and continuous payment authority (CPA) for high-cost short-term credit (HCSTC).

6.4 The Government also legislated to require the FCA to introduce a cap on the cost of payday loans, which came in to force on 2 January 2015.

7: Committee of Public Accounts conclusion:
The devolution of the social fund loans scheme to local authorities offers a real opportunity to support social responsible lending to the financially excluded at local level.

Recommendation:
The FCA, Government and local authorities should provide more support to social enterprises, credit unions and charities which support the "credit poor" in times of crisis within an ethical framework.

[20] Detailed rules for the FCA regime for consumer credit, February 2014

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 The Government is committed to supporting the credit union and community lending sector to grow. The Treasury introduced an increase in the credit union interest rate cap from 2 to 3% in April 2014. The Credit Union Expansion Project, led by the Department for Work and Pensions (DWP), has completed the first stage of the project and is moving into the second stage, meaning credit unions involved will have access to state-of-the-art financial technology platforms. The Government also launched a Call for Evidence on Credit Unions in June 2014 and is committed to consider changes to the legislation outlined in the response to the Call for Evidence in the next parliament.

7.3 The DWP review of local authority use of funding provided following the abolition of the discretionary Social Fund found councils have a good understanding of their local community, and what they felt is required to support local people. The department is working closely with a range of stakeholders to deliver partnership services through these established networks.

7.4 Big Society Capital has invested in projects such as the East Lancs Moneyline, which operates in the non-standard credit market and lends to those on low incomes.

8 Committee of Public Accounts recommendation:
There are signs that the OFT is starting to take the kind of action required to clamp down on unscrupulous payday lenders

Recommendation:
The OFT should set out what it has done to follow up on its recent report into payday lending - including what assurance it has that the offending lenders have taken remedial action, and what it is doing to revoke the licences of any who have failed to do so.

8.1 The Government noted the Committee's comments.

Not implemented due to closure of OFT.

8.2 Following the OFT's compliance review, launched in February 2012, fifty payday lenders were sent detailed dossiers outlining the OFT's concerns, of which four surrendered their licences and fifteen withdrew from payday lending. The remaining firms supplied audits to the OFT outlining the steps taken to improve compliance.

8.3 The OFT closed on 31 March 2014, with regulatory responsibility transferring to the FCA. Firms with an OFT consumer credit licence were able to seek 'interim permission' to operate in the FCA regime. The FCA has taken supervisory and enforcement action where wrongdoing has been found and, where appropriate, requirements have been placed on firms' interim permissions to make redress to customers. The FCA has begun the authorisation process to assess payday lenders' fitness to trade; firms which do not meet the FCA's threshold conditions will not become authorised to operate in the market.

Eleventh Report of Session 2013-14

Department of Health

Managing NHS Hospital Consultants

Summary of the Committee's findings

NHS consultants, the majority of which work in hospitals, treat patients, manage clinical work in hospitals and undertake work that benefits the NHS (for example, training future doctors). At September 2012, the NHS employed 40,394 consultants (38,196 on a full time equivalent basis) across a range of speciality areas, making up 4% of the NHNS workforce. In 2011-12, the total employment cost of consultants was £5.6 billion, some 13% of NHS employment costs.

Background resources

- NAO report: *Managing NHS hospital consultants* – Session 2012-13 (HC 885)
- PAC report: *Serious Fraud Office - redundancy and severance arrangement*s - Session 2013-14 (HC 358), incorporating HC 1030 of Session 2012-13.
- Treasury Minute: September 2013 (Cm 8697)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CM 8697), and currently, 6 recommendations remain work in progress, as set out below.

1: Committee of Public Accounts conclusion:
The significant increase in consultant pay did not improve productivity.

Recommendation:
In its business case supporting any future renegotiation of the contract, the department should set ambitious targets that deliver significant productivity growth.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2016.

1.2 The department's intention is to introduce amended contractual arrangements for consultants that support productivity growth. Consultants' play a key role in productivity, but this should be considered as part of their role in wider multi-disciplinary teams, and the department therefore wants to measure productivity across the team and at organisational level.

1.3 In October 2014, the British Medical Association (BMA) withdrew from negotiations with NHS Employers to deliver joint proposals for contract reform. The Government wrote to the Independent Review Body on Doctors' and Dentists' Remuneration (DDRB) asking for its observations on reforming the contract to better facilitate the delivery of healthcare seven days a week. The DDRB is due to publish its report in July 2015.

1.4 The department's evidence to the DDRB outlines a case for changes that would improve productivity within the existing cost envelope (per full time equivalent). This includes supporting a seven day NHS and enabling affordable workforce expansion. The department has also offered to work with NAO on how best to assess the costs, benefits and quality of care of any changes at a hospital level.

2: Committee of Public Accounts conclusion:
The contract does not facilitate the provision of around-the-clock care and trusts continue to pay too much to secure work above contracted levels.

Recommendation:
In order to improve services for patients, the department must ensure that any future contract is flexible enough to allow seven day working and should set a maximum limit on payments for additional work.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2016.

2.2 The negotiations included extensive discussions on contractual changes that aimed to facilitate consistent NHS services across the week. This work is set out in the department's and NHS Employer's evidence to the DDRB. The proposals include more flexible and professional approaches to working during the most unsocial hours that would support consultants as clinical leads of multi-disciplinary teams; and removal of the clause which enables consultants to opt out from non-emergency evening and weekend work. The department has not come across a similar clause in other employment contracts, and is committed to removing this mechanism which is a clear barrier to the delivery of a seven day NHS. All the changes would be underpinned by an umbrella of safeguards to protect patients and doctors.

3: Committee of Public Accounts conclusion:
Information on consultants' performance is inadequate.

Recommendation:
The department urgently needs to make sure that individual consultant performance is measured consistently and published in every speciality area, and support this with appropriate national guidance.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: February 2020.

3.2 NHS England plans to publish consultant-level outcomes data from all appropriate NHS funded national clinical audits by 2020. Consultant Outcomes Publication (COP) began with ten national clinical audits in June 2013, which were also made available through the NHS Choices website. This data has been refreshed in the 2014 publication and is available on the *MyNHS* service on NHS Choices.[21] The number of quality indicators has also been expanded to include other measures, such as length of stay, where appropriate. Consultant level outcome data in three new specialties are expected to be published in early 2015. NHS England will improve the way in which data is published and has supported the development of patient-friendly guidance which has been issued to CCGs.

3.3 NHS England is working with the Healthcare Quality Improvement Partnership and all national clinical audit providers to consider the opportunities to extend the publication of consultant outcomes data in a wider range of specialties and indicators and is also considering the opportunities for publishing outcomes at surgical team level given the importance of team working in delivering high quality patient care.

3.4 NHS England plans to engage with those specialities who may have a National Clinical Audit suitable for consultant level publication in due course. NHS England will need to ensure the data available through the relevant National Clinical Audits is of a sufficient quality to enable publication. This work will also support NHS England's commitment in the NHS Five Year Forward View to publish all major pathways of care measurements by 2020 going forwards. The focus over the next period will be on expanding the programme into even more meaningful measures related to the quality of consultant care for existing specialties.

[21] http://www.nhs.uk/MyNHS

4: Committee of Public Accounts conclusion:
Consultants' performance is not managed effectively.

Recommendation:
All trusts should improve the value for money of consultants by linking the achievement of job plan objectives and good clinical outcomes with the appraisal process and pay progression.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2016.

4.2 The department is seeking contractual changes that would clearly link pay progression to an objective based performance assessment processes. A strong emphasis on improving the quality of job planning would also be required. The favoured proposal includes a two point pay scale with progression to the higher tier for more experienced consultants based on consistent performance, rather than automatic time served pay progression; this is detailed in NHS Employer's evidence to the DDRB. Mandatory revalidation also engages doctors in a process that provides a framework for continuous improvements on the quality of their practice.

5: Committee of Public Accounts conclusion:
Clinical Excellence Awards do not always reflect exceptional performance.

Recommendation:
The department must review the criteria for giving a Clinical Excellence Award to make sure it truly reflects exceptional performance above the norm and introduce more routine reviews of awards already made.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2016.

5.2 Proposals for a revised approach to local performance pay were discussed as part of the negotiations and form part of NHS Employers' evidence to the DDRB. The approach would clearly link performance to an objective based performance appraisal process and reward those consultants who contribute the most. The proposal also suggests linking a proportion of performance pay to the achievement of organisational objectives - recognising the critical role that consultants play in the success of an organisation.

5.3 The department is committed to working with key stakeholders to take forward the recommendations on National Clinical Excellence awards, as set out in the 2012 DDRB report '*Review of compensation levels, incentives and the Clinical Excellence and Distinction Award schemes for NHS consultants*'.

6: Committee of Public Accounts conclusion:
Consultants are not incentivised to work in the areas where they are most needed.

Recommendation:
The department should give consideration to stronger incentive mechanisms to attract consultants to geographical areas and specialities where there are shortages, without financially disadvantaging the organisations concerned.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: October 2015.

6.2 The department has established Health Education England (HEE) with a £4.9 billion budget to ensure the NHS has the right numbers of staff with the right skills, values and behaviours in the right location. HEE published their first workforce plan on 17 December 2013, which set out their

commitment to increasing appointments in shortage specialty areas, for example, emergency medicine and general practice. HEE published their second workforce plan for England on 16 December 2014 which maintained their commitment to increasing commissions in identified shortage professions.

6.3 HEE has worked with, and will continue to work with, experts, such as the Royal Colleges, to develop proposals to incentivise trainees into under-represented specialty areas and is also, on behalf of the system, leading campaigns to encourage registered nurses to return to practice.

Twelfth Report of Session 2013-14

Department for Education

Capital funding for new school places

Summary of the Committee's findings

The Department for Education is accountable for overall value for money delivered from its funding of new school places, and is responsible for the policy and statutory framework underpinning the funding and delivery of school places. The department has a strategic aim "to use available capital funding to best effect to provide sufficient places in schools parents want to send their children to" and makes a substantial financial contribution to the cost of delivering places - around £5 billion in capital funding to local authorities in the spending period up to March 2015. The legal responsibility for providing sufficient schools, and therefore school places, rests with local authorities. Local authorities can meet their obligations by inviting bids for new schools but will be curtailed by their inability to instruct free schools and academies to provide additional places.

Background resources

- NAO report: *Capital funding for new school places* - Session 2012-13 (HC 1042)
- PAC report: *Department for Education: Capital funding for new school places* Session 2013-14 (HC 359)
- Treasury Minute: September 2013 (Cm 8697)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8697), 3 recommendations were implemented and the department disagreed with 1 recommendation. 2 recommendations remained work in progress, which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The department does not know whether it is achieving value for money with the funding it provides to deliver new school places.

Recommendation:
The department must set out how it plans to use its new information on school places to ensure that capital funding is given to those local authorities that have the greatest need for extra school places. The department must also clarify how it will support and challenge local authorities and show that value for money is being achieved.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 In December 2013, the department used a new methodology for the allocation of 2015-17 basic need funding. This improved methodology focussed on funding shortfall, ie the number of new places needed (rather than population growth) in local authority planning areas, ensuring that funding was targeted where it was needed, and that places delivered through the Targeted Basic Need and free schools programmes were not double funded.

1.3 The collection of capital spend data from all local authorities was introduced in 2013, and is being used to improve the department's understanding of the costs incurred by local authorities and how best to reflect these in basic need funding. The department also launched its basic need scorecards in April 2014 to improve accountability and increase transparency around place planning and use of public money, by making data on the cost, quality and sufficiency of new places more easily available and understood by local authorities, parents and the taxpayer.

3: Committee of Public Accounts conclusion:
The department has improved the way it targets money to areas of need but there are still gaps in its understanding of the full costs of delivering new places.

Recommendation:
The department must understand and reflect all appropriate costs incurred by local authorities in providing new school places.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Education Funding Agency (EFA) has been working with local authorities to compare the costs of providing school places by looking at cost information from both local authority and EFA contractors' framework procured schools. The EFA is now working to take this analysis further by looking at the elemental cost of providing places in school buildings, which will allow the EFA to compare items such as fees, overheads and profits on schools.

3.3 The department has also reviewed its methodology for basic need funding to reflect appropriate costs, and includes weightings to reflect location and whether the shortfall of places is at primary or secondary phase.

Thirteenth Report of Session 2013-14

Cabinet Office

Civil Service Reform

Summary of the Committee's findings

The 2012 Civil Service Reform Plan (the Plan), published in June 2012, outlines plans to transform the civil service to be more delivery-focused and have sufficient commercial, digital, project and change management skills. The Cabinet Office is responsible for overseeing implementation of the Plan. The Committee supports the broad aims to reform how central government operates, and hopes that the Plan will help prevent the failures in project and programme delivery.

Background resources

- NAO report: Memorandum on the 2012 Civil Service Reform Plan - Session 2012-13 (HC 915)
- PAC report: Civil Service Reform – Session 2013-14 (HC 473)
- Treasury Minute: November 2013 (Cm 8744)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8744), 1 recommendation was implemented. 4 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The Civil Service Reform Plan lacks robust measures of success.

Recommendation:
The Cabinet Office should set out robust, data-driven performance and outcome measures against which to judge success.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Civil Service Reform: Progress Report, published in October 2014, continues our honest approach to reporting implementation of the reform programme. In addition to this, the Cabinet Office has developed a set of outcome measures to enable senior leaders to track the impact of Civil Service Reform. These measures align to the key benefits that each of the major areas of reform (the "game changer" actions) is seeking to deliver. The benefits and measures have been signed off by the Senior Responsible Officers (SROs) for each "game changer". Progress against these measures is reported to the Cabinet Secretary and Civil Service Board on a regular basis.

2: Committee of Public Accounts conclusion:
The existing accountability arrangements for permanent secretaries are inadequate.

Recommendation:
The Cabinet Office should clarify how permanent secretaries will be held to account for performance against their objectives and delivery of the Civil Service Reform Plan, and what performance data the Cabinet Secretary, Head of the Civil Service and departmental nonexecutive directors will use to do so.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 Permanent secretary objectives for 2014-15 were published in July 2014 as part of reforms to increase the accountability at the very top of the Civil Service. Agreed in advance with the Prime Minister and Ministers, their objectives cover implementation of the Government's priorities in their department and cross-government objectives relating to Civil Service Reform and Capability. The performance data used to assess progress will differ across departments depending on their specific reform priorities, but will cover efficiency savings, capability and skills, successful project delivery and staff engagement. A full list of objectives and performance measures has been published on gov.uk.

2.3 All Permanent Secretaries are performance managed by the Cabinet Secretary and Head of the Civil Service. They have formal performance reviews at the mid and end year points of the appraisal cycle. Feedback on performance is taken from Secretaries of State, lead NEDs, the Prime Minister and the Deputy Prime Minister's Offices, the Chief Executive of the Civil Service and Permanent Secretary colleagues. These performance discussions are informed by progress made against their individual objectives (including those on Civil Service Reform), departmental business plans, efficiency and reform action plans and performance on corporate data such as sickness absence and staff engagement.

4: Committee of Public Accounts conclusion:
Oversight of major projects by the centre is not strong enough and the Major Projects Authority lacks real power.

Recommendation:
The Cabinet Office and the Treasury should outline to us in detail how they will take forward Lord Browne's recommendations on stronger central oversight of project initiation and progress, and on powers and resources for the Major Projects Authority.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 MPA's Annual Report published in May 2014[22] sets out the actions we have taken, including those that address recommendations from Lord Browne, the NAO and others. MPA has been working to improve its assurance and support of projects, project alignment, project prioritisation, project delivery capability within departments and the project delivery profession across Government as a whole.

5: Committee of Public Accounts conclusion:
The Cabinet Office and the Treasury are failing to act together as a strong corporate centre.

Recommendation:
The Head of the Civil Service should define a new operating model for the centre of Government, which includes: control of key corporate functions - including finance, HR and IT - sitting more squarely with the centre; and the centre using its strategic position more effectively to ensure the Government joins up its thinking and learns lessons from past mistakes.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Chief Executive of the Civil Service is responsible and accountable for designing and driving coherent and effective corporate functions at the centre. Through leadership of the corporate functions, the Chief Executive will drive the Government's ambitious operational delivery and reform programmes, working with the Treasury and Government departments to ensure that business plans maximise the efficient use of allocated resources. The Heads of Function have a cross-cutting responsibility for running their expert functions, taking a lead role in recruiting talent and raising standards.

[22] Cabinet Office, Major Projects Authority: Annual Report 2013-2014, May 2014

5.3 The centre operates spending controls, which are crucial for the corporate functions to implement cross-Government strategies. A strengthened functional leadership model will help consolidate the way in which the centre works with departments to improve performance and delivery, and ensure that appropriate incentives are in place. This will help make the Civil Service more resilient and the business of Government more efficient.

5.4 The balance between skills and expertise that sit at the centre and in departments will depend on the operating model for each function. This will be decided by the Head of each function and will ensure that expertise is managed and coordinated effectively. Further details are in *Efficiency and reform in the next Parliament*.

Fifteenth Report of Session 2013-14

Department of Health

The provision of the out of hours GP service in Cornwall

Summary of the Committee's findings

Out-of-hours GP services allow people to see a doctor when they need to in the evenings, at weekends and on bank holidays, when GP surgeries are closed. In Cornwall, Serco runs the out-of-hours GP service. Until 31 March 2013, the service was provided under a contract with Cornwall and Isles of Scilly Primary Care Trust. With the abolition of the primary care trust under the Health and Social Care Act 2012, responsibility for the contract passed to Kernow Clinical Commissioning Group on 1 April 2013. Clinical commissioning groups are accountable to NHS England, which is responsible for the commissioning system as a whole. The Committee has emphasised before that regardless of what public money is spent on, or which bodies are spending it, it must be spent properly with due regard to value for money.

Background resources

- NAO report: *Memorandum on the provision of the out‐of‐hours GP service in Cornwall* Session 2012-13 (HC 1016)
- PAC report: *The provision of the out–of–hours GP service in Cornwall* Session 2013-14 (HC 471)
- Treasury Minute: September 2013 (Cm 8697)

Updated Government response to the Committee

There were 3 recommendations in this report. As of the last Treasury Minute (Cm 8697), 3 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:

This inquiry validates concerns the Committee has raised previously about the framework for devolved local services

Recommendation:

The Committee would welcome NHS England's observations on the following points and on what assurance it has that these issues are not replicated elsewhere in the commissioning system.

- ***NHS England must also give clear guidance and respond promptly to requests for advice from clinical commissioning groups about whether services should be put out to tender.***
- ***The new clinical commissioning groups will need access to adequate procurement skills and advice when they put services out to tender to make sure contracts are well designed and secure value for money for the taxpayer.***
- ***Serco failed to investigate thoroughly when concerns were first raised and the way management responded made whistle-blowers feel threatened and fearful of raising further concerns.***
- ***The terms of the severance agreements with the two members of staff who manipulated performance data included confidentiality clauses.***

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 Monitor published statutory guidance in December 2013 to help commissioners understand and comply with the requirements of the Procurement, Patient Choice and Competition Regulations. NHS England subsequently ran with Monitor a series of joint workshops around the country to provide commissioners with further explanation and illustration of the Regulations, what they mean, and how to comply with them in practice. Those workshops included question and answer sessions about procurement approaches, including the use of competitive tendering. NHS England has also responded to a range of requests from both clinical commissioning groups (CCGs) and NHS England's own commissioning teams for advice and guidance on specific cases.

1.3 Every CCG can also access professional procurement skills and advice from the consolidated nine groups of NHS commissioning support units (CSUs). From February 2015, CCGs will have a wider choice of accredited providers of procurement and contracting support and advice through a Lead Provider Framework. Bidding to become accredited under the Framework has already incentivised CSUs to improve significantly the quality of the support they offer, including innovative approaches to commissioning and contracting.

1.4 CCGs are responsible for ensuring that Out of Hours providers respond appropriately to any concerns about quality of services; NHS England support and hold CCGs to account through the CCG assurance framework and quarterly performance reviews.

3: Committee of Public Accounts conclusion:

Serco underestimated the number of staff needed, especially to operate NHS Pathways. Its performance in dealing with calls declined dramatically after the system was introduced.

Recommendation:

NHS England should seek assurance from all 111 service providers that they have fully assessed the likely impact of NHS Pathways, that they are confident they have sufficient staff in place, and that they have contingency plans in case staffing levels prove to be insufficient so that there are no adverse effects on patients.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 NHS 111 is now fully rolled out and its performance is monitored by commissioners. This monitoring includes assessing the impact of NHS 111 on other parts of the urgent and emergency care service and checking staffing levels and contingency plans to ensure that there are always sufficient staff to deliver a high quality service. NHS England regularly seeks assurance from local commissioners that they are satisfactorily discharging their functions, including the commissioning of NHS 111 as part of wider systems of urgent and emergency care.

4: Committee of Public Accounts conclusion:

The lack of comparable data means it is not clear whether Serco is providing a better or worse service than other providers of out-of-hours services

Recommendation:

NHS England should require clinical commissioning groups to publish comparable data (for out of hours care), in a common format, showing local performance against the national quality requirements to support transparency and accountability.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 NHS England has directed CCGs to commission out of hours primary medical services on its behalf. In March 2014 NHS England issued revised guidance to CCGs on the commissioning of these directed out-of-hours primary medical services. The revised guidance requires all CCGs to publish information on how their commissioned out-of-hours providers perform against the national quality requirements and to participate in a benchmarking scheme to enable comparison of information – although the benchmarking arrangements in which CCGs participate may vary. The way in which

CCGs carry out the functions delegated to them by NHS England is the subject of assurance meetings between NHS England and CCGs.

Sixteenth Report of Session 2013-14

Department for Communities and Local Government

FiReControl

Summary of the Committee's findings

The FiReControl project commenced in 2004 with the aim of improving national resilience and efficiency by replacing the control room functions of England's 46 local fire and rescue authorities with a network of nine purpose-built regional control centres using a single national computer system. Following a catalogue of problems, the project was terminated in December 2010 with a minimum of £482 million of taxpayers' money being wasted.

Background resources

- NAO report: *Failure of the FiReControl Project* - Session 2010-12 (HC 1272)
- PAC report: *FiReControl: update report* – Session 2013-14 (HC 110)
- Treasury Minute: September 2013 (Cm 8697)

Updated Government response to the Committee

There were 4 recommendations to this report. As of the last Treasury Minute (Cm 8697), 2 recommendations were implemented. 2 recommendations remained work in progress, all of which have now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
There are risks to value for money from multiple local projects

Recommendation:
The department needs to satisfy itself that the new local approach to improving control rooms and resilience is delivering national resilience and value for money by scrutinising local fire and rescue authorities more closely and, where necessary, challenging them more robustly.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 Responsibility for spending the money and delivering improvements to the control rooms rests with the fire and rescue authorities, who have significant experience in procuring control room systems. Their local contractual and procurement arrangements remain subject to audit.

3.3 The department remains accountable for the value for money and success of the programme as a whole, and will continue to monitor the progress of all of the control room projects through the oversight arrangements that have been developed with the Local Government Association and the Chief Fire Officers Association's national resilience body. These include a strategic board, a sector-led support team, and robust challenge arrangements, including visits to the projects, and the publication, twice yearly of a national summary of project progress.

4: Committee of Public Accounts conclusion:
The new programme has already slipped by three months and projected savings are now less than originally predicted

Recommendation:
When national summaries of project progress are prepared, the Committee would like the Accounting Officer to write setting out how he is mitigating the risk of further slippage and assuring value for money, and explaining the level of challenge being placed on fire authorities' reports of progress.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The department has continued to publish, twice a year, an updated national summary on its website. In addition, the department's Accounting Officer has sent a copy of the updated summaries to the Committee when they have been published, with a covering letter setting out any issues, how they have been addressed, and how the fire authorities' progress reports have been challenged.

Seventeenth Report of Session 2013-14

HM Treasury

Administering the Equitable Life Payment Scheme

In 2010, the Treasury was given powers to make payments to just over a million former policyholders of the Equitable Life Assurance Society. The Treasury engaged National Savings and Investments (NS&I), an Executive Agency of the Treasury, to operate the Scheme, and NS&I out-sourced it to Siemens. The Siemens contract was subsequently bought by ATOS. At the end of March 2013, the Scheme had paid out a total of £577 million to 407,000 policyholders.

Background resources

- NAO report: Administering the Equitable Life Payment Scheme - Session 2012-13 (HC 1043)
- PAC report: *Administering the Equitable Life Payment Scheme* – Session 2013-14 (HC 111)
- Treasury Minute: November 2013 (Cm 8744)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8744), 1 recommendation was implemented and the department disagreed with 1 recommendation. 4 recommendations remained work in progress, of which 3 have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The Treasury failed to learn the lessons from previous government compensation schemes when setting up the Scheme.

Recommendation:
The Treasury should undertake a lessons-learned exercise on the Scheme, informed also by previous government compensation schemes. It should report back to us on the results and on how it will ensure these lessons are applied to both the current scheme and any future schemes introduced by the Government.

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: February 2016.

2.2 An Interim Lessons Learned Report was completed in November 2013. This exercise focussed on lessons gathered by NS&I, Atos and the Treasury, which would provide improvements for the current Scheme. A number of enhanced approaches have been developed and implemented such as improvements to customer service, enhancements to the call centre and better correspondence and complaints handling, greater clarity in the reporting KPI / MI so that issues can be identified quickly, and improved transparency of and challenge to Atos costs. A final Lessons Learned Report will cover the whole of the Scheme, including policy design and project implementation and delivery. This will be completed after the Scheme has closed in 2015.

3: Committee of Public Accounts conclusion:
The Treasury and NS&I cannot demonstrate that they have achieved value for money in their contract with ATOS to administer the Scheme.

Recommendation:
NS&I must improve its control over the costs of administering the Scheme, and report regularly to the Treasury on its validation of ATOS activities and performance.

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

3.2 Monthly meetings are now held where NS&I discuss finance baselines with Atos and challenge costs and forecasts. From August 2014, NS&I entered into a fixed price contract with Atos, based on agreed forecast volumes with the Treasury.

3.3 Should business requirements arise outside the fixed contract, prior approval must be obtained from the Treasury before additional costs can be incurred. Value for money is a key consideration throughout. If revised forecasts indicate additional resource is required, Atos provide NS&I with a proposal and a projection of the risks and impact on service. Following review by NS&I it is submitted to the Treasury for consideration. A service requirement outside the fixed contract is managed through the change control process. Atos provide a high level cost estimate for the development of an impact assessment to scope and cost the detailed requirements. No costs are incurred by the Treasury until the estimates are accepted. Following acceptance, NS&I monitor Atos's time weekly to ensure the agreed budget is not exceeded unless further Treasury approval has been obtained.

3.4 Following recommendations from a Treasury internal audit, NS&I have put in place more detailed documentation of the financial control processes to deliver improved validation of chargeable costs.

4: Committee of Public Accounts conclusion:
The Treasury has not used all the information available to trace as many policyholders as possible.

Recommendation:
The Treasury must look again at what cost-effective approaches could be used to trace more policyholders. Specifically, Treasury and NS&I should, with immediate effect, work with EMAG to explore options for utilising EMAG's data to contact policyholders who have not yet received a payment.

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 Over the last 18 months the Scheme has gone to significant lengths to trace eligible policyholders. An advertising campaign reached 81.6% adults over 55 in socio-economic groups, producing 22,000 more calls, 33,000 more website hits and resulted in approximately 8,000 additional payments. New processes introduced in the call centre ensured these calls were handled quicker and more efficiently so that the time taken to issue payments was reduced by half.

4.3 A revised electronic tracing process resulted in 112,000 additional payments. Following a successful pilot of the Department for Work and Pension's letter forwarding service, this has been rolled out where the Scheme holds a National Insurance number, date of birth and address. At 31 December 2014, 26,000 letters sent had resulted in 9,318 payments. Success rate monitoring will continue in coming months to ensure cost effectiveness is maintained.

4.4 The department has continued to work with EMAG to help trace remaining policyholders. EMAG has input into the design of the advertising, produced a press notice encouraging people to come forward, and raised specific cases for investigation.

4.5 At 31 December 2014, c144,800 of the most difficult to trace policyholders remain unpaid despite these efforts. Whilst payments will continue, it is expected that c12.8% of the policyholder population will not be found.

6: Committee of Public Accounts conclusion:
Policyholders do not receive sufficient explanation of how their payments have been calculated.

Recommendation:
The Treasury should write to the Committee outlining what action it has taken to make sure the data used by Towers Watson are correct, and what it will do make sure policyholders receive better and fuller explanations on how their payments have been calculated.

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

6.2 The department wrote to the Committee in December 2013 to explain what action has been taken to ensure the data used by Towers Watson is correct. The department also wrote, in June 2014, in response to the Committee's request for information about the Scheme's appeals body and processes. Whilst the detail of the calculation is printed in the Technical annex, it is accepted that this may be difficult for the layman to follow.

6.3 The Government Actuary's Department has worked with the department to produce a simplified explanation of the calculation to help policyholders to have a better understanding of how their payment has been worked out. Having taken on board feedback from EMAG and other policyholders who reviewed the initial draft, in July 2014, the department published an overview and worked examples written in layman's language to provide a simplified step-by-step explanation of the calculation for the largest group of policyholders on the Scheme's Gov.uk webpages. Whilst data on how many people downloaded the overview and worked examples are not available, during August 2014 the pages linked to this publication received over 1,200 hits. Additionally EMAG and the department have met to discuss the calculation in more detail to resolve queries about the calculation.

Eighteenth Report of Session 2013-14

Ministry of Defence

Carrier Strike: the 2012 reversion decision

Summary of the Committee's findings

The Carrier Strike programme comprises two new aircraft carriers, the aircraft that will operate from them, and a new helicopter-based early warning radar system (known as 'Crowsnest'). As part of the 2010 Strategic Defence and Security Review, the department decided to change the type of aircraft to be flown from the carriers from the Short Take-Off and Vertical Landing (STOVL) variant of the Joint Strike Fighter to the carrier variant. In 2010 the decision was justified by claiming the alternative aircraft would both save money and enhance capability.

In May 2012, the department asserted that the benefits expected from switching to the carrier variant of the aircraft would not be achieved, the costs of switching would be significantly higher than projected, and it would delay the operation of the new carriers. Accordingly, the Department decided to revert to the original aircraft type and announced that it would once again be buying the STOVL variant. That change of mind will cost the taxpayer at least £74 million more, though final costs will only be known in 2014.

Background resources

- NAO report: *Carrier Strike: the 2012 reversion decision* - Session 2013-14 (HC 63)
- PAC report: *Carrier Strike: the 2012 reversion decision* – Session 2013-14 (HC 113)
- Treasury Minute: November 2013 (Cm 8744)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8744), 3 recommendations were implemented and 1 recommendation was directed towards the NAO. 2 recommendations remain work in progress, of which 1 has now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
The component elements of the programme will be delivered piecemeal, reducing the benefits from the sums invested

Recommendation:
The department needs to align the delivery of the various component projects of Carrier Strike to make the most effective use of its significant investment. It must provide decision makers with the necessary information to prioritise and allocate appropriate funding for the programme and the support shipping to operate the carriers, as part of the 2015 Strategic Defence and Security Review.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2015.

4.2 Carrier Strike as a part of Carrier Enabled Power Projection (CEPP), has been retained in MOD Head Office under a 3* Senior Responsible Owner (SRO) as a Strategic Programme. It is now governed through a 2* Change Programme Management Board and 3* Executive Programme Board with regular reporting to the Armed Forces Committee. The SRO operates under the authority of the CEPP Mandate and is held to account by PUS. The CEPP Programme Support Office manages the Programme on behalf of the SRO to ensure coherency is maintained across the portfolio of individual Programmes by identifying, analysing and mitigating risks, issues and opportunities. An example is the alignment of Sea King Airborne Surveillance and Control (SKASaC) Out of Service Date with the CROWSNEST In Service Date to ensure capability transition.

4.3 Further work is underway in the Ministry of Defence to plan the most effective and coherent way to operate the CEPP capability and to produce a portfolio of evidence to support further potential decisions on prioritisation and investment in the capability in SDSR 15. This work includes development of routine deployment cycles, manpower requirements, total F-35B aircraft numbers, support shipping, aircraft delivery profiles, interoperability with allies and littoral manoeuvre with Royal Marines and battlefield helicopters.

6: Committee of Public Accounts conclusion:
The department has not yet completed crucial negotiations with industry over the carriers

Recommendation:
The department must establish clear cost and time baselines for the completion of the carriers, which the department must use to monitor progress.

6.1 The Government partly agreed with the Committee's recommendation.

Recommendation implemented.

6.2 In November 2013, the Secretary of State for Defence reviewed the contract with the Aircraft Carrier Alliance (ACA). This process confirmed the financial provision of £6.212 billion and agreed that any variation above or below that figure would be shared 50:50 between MOD and Industry. Since then, the ACA has re-evaluated its Estimate At Completion (EAC) three times, the latest of which completed in December 2014. This confirms that cost pressures remain, although to counter this the ACA continues to identify savings opportunities (as required by the revised contract) and also still holds some contingency. As at the end of February 2015, the costs of the project remain within the approved funding of £6.212 billion. The department anticipates that the existing Initial Operating Capability date of Carrier Strike in 2020 will be maintained.

Nineteenth Report of Session 2013-14

Department of Health

Dismantled National Programme for IT in the NHS

Summary of the Committee's findings

Although the National Programme for IT in the NHS (the National Programme) has been dismantled, it in effect remains in place with separate component programs which continue to incur significant costs. The Department of Health has been negotiating with CSC around two years to reset the contract to provide the Lorenzo care records system to trusts in the North, Midlands and East of England. Its negotiating position is weak. The department's statement on the benefits expected from the National Programme showed that most of the benefits are yet to be delivered. There is a risk that some of these benefits may never materialise. Unless the department acts on the lessons of the failed National Programme it is unlikely to deliver the new vision of a paperless NHS by 2018.

Background resources

- NAO memorandum: *Review of the final benefits statement for programmes previously managed under the National Programme for IT in the NHS.*
- PAC report: *the dismantled National Programme for IT in the NHS* – Session 2013-14 (HC 294)
- Treasury Minute: November 2013 (Cm 8744)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8744), 5 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The public purse is continuing to pay the price the failures by the department and its contractors

Recommendation:
The department must manage the re-set contract with CSC robustly, so that its negotiating position if protected for the future

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The department manages the CSC contract closely and continues to hold monthly programme board meetings to ensure delivery and performance targets are being met. The revised contract includes provisions that allow sections of the contract to be terminated if problems arise, without jeopardising services that are being delivered successfully. The department is carefully managing the exit from the remaining CSC Local Service Provider contract, which will end in July 2016 (apart from some limited exceptions). NHS organisations taking new implementations of the Lorenzo system are required to sign a Memorandum of Understanding, which sets out their responsibilities, to help protect the department's commercial position.

2: Committee of Public Accounts conclusion:
The full cost of the National Programme is still not certain

Recommendation:
Given the scale of the sums involved, the department should report to Parliament details of all the additional costs of the National Programme, including legal costs, as soon as they are known.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The department provided an updated cost and benefit statement to the Chair of the Committee in November 2013 and has, more recently, sent a further update to reflect costs and benefit for programmes previously managed under the National Programme for IT as at March 2014. The dispute with Fujitsu is on-going and has not been settled therefore final legal costs associated with that dispute are not yet available. The department will write to the Committee separately following resolution of the dispute.

3: Committee of Public Accounts conclusion:
The benefits to date from the National Programme are extremely disappointing.

Recommendation:
The department should set out how it will support local trusts to secure benefits, and should track and report benefits achieved in the coming period.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 Guidance to the NHS on effective benefits management has been updated and is being made available to NHS organisations. The department and the Health and Social Care Information Centre (HSCIC) have been working with a number of Trusts and suppliers to support a better understanding of the benefits from former National Programme investments. It is continuing to work with organisations across the health and care system to develop a shared and consistent approach to the assessment of benefits. Work to improve the approach to benefits realisation is continuous and is now part of business as usual activity. Benefits are therefore being tracked and will be reported as part of the annual update to the Committee.

4: Committee of Public Accounts conclusion:
It is important that Parliament is updated about what has been delivered for the billions of pounds that have been invested in the National Programme

Recommendation:
The department should provide the Committee with an annual update of the costs and benefits of the programmes previously managed under the National Programme.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The department continues to review the costs attributable to the National Programme and the issues associated with the realisation of benefits. The department provided an updated cost and benefit statement to the Committee in November 2013 and has, more recently, sent a further update to reflect costs and benefit for programmes previously managed under the National Programme for IT as at March 2014. The department will continue to provide annual updates to the Committee.

5: Committee of Public Accounts conclusion:
After the sorry history of the National Programme, we are sceptical that the department can deliver its vision of a paperless NHS by 2018

Recommendation:
If the department is to deliver a paperless NHS, it needs to draw on the lessons from the National Programme and develop a clear plan, including estimates of costs and benefits and a realistic timetable.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The department has moved away from nationally led solutions and prescription except where it is necessary to provide core national services, and to support interoperability. Local NHS organisations are best placed to decide how to deliver digitally enabled services to meet their needs. They will be supported by national action and guidance.

5.3 The National Information Board (NIB), established to ensure that the benefits of technology can be fully realised in a coordinated way, has recently published *Personalised Health and Care 2020 – Using Data and Technology to Transform Outcomes for Patients and Citizens: A Framework for Action* (November 2014). It will develop 'roadmaps' over the next year, which will set out in more detail the role of different parts of the health and care system in delivering digital care, including the timetable for delivery where this is best set nationally for the system, or where central action is required to enable change. This will include an evidence base on what works and anticipated costs and benefits, drawn from national and international best practice, as well as work with service users, care professionals, care organisations and technology suppliers to ensure systems meet local requirements, and deliver the expected benefits.

Twenty First Report of Session 2013-14

Home Office

Police Procurement

Summary of the Committee's findings

In 2010-11, the 43 police forces in England and Wales spent nearly £1.7 billion procuring a wide range of goods and services. The department oversees the police service and central government provides most of its funding. The department is responsible for providing Parliament with assurance on the value for money of police expenditure, but individual forces buy most goods and services independently. So there is an institutional tension between local autonomy and effective value for money in buying everything from uniforms to paper. The recently elected Police and Crime Commissioners are responsible for value for money locally. With reduced central government funding to police forces, both individual forces and the department have recognised the need to make procurement savings, for example through more collaboration between forces.

Background resources

- NAO report: *Police Procurement* – Session 2012-13 (HC 1046)
- PAC report: *Police Procurement* – Session 2013-14 (HC 115)
- Treasury Minute: November 2013 (Cm 8744)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 8744) 8 recommendations remained work in progress, of which 7 have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
Greater collaboration between forces, and more consistency in their approaches, would improve value for money.

Recommendation:
The Committee welcomes the commitment of the new Accounting Officer to secure better value for money, and urge him to use financial incentives with clear financial penalties to ensure police forces collaborate and purchase together so that they secure better prices and bigger savings through bulk buying.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Precursor Police Innovation Fund (PIF), established for 2013-14, received 115 bids, of which 65 were successful, worth £18 million. Bidding for the £50 million 2014-15 PIF closed on 30 April 2014 and received 193 bids. The PIF was allocated to 55 new bids worth £32.5 million, in addition to the substantial funding committed to multi-year bids from the pre-cursor fund. The value of the PIF has been increased to £70 million for 2015-16. Bidding for the 2015-16 PIF closed on 2 January 2015 and 166 bids have been received. PCCs will be notified of the outcome of this process by the end of March 2015.

2.3 It is too early to provide an overall figure for savings from existing projects. Estimates from forces for projects which are expected to deliver significant savings include: joint working between Cambridgeshire, Bedfordshire and Hertfordshire on shared operational and organisational support, £40 million by 2017-18; the development of a South West Forensic Science Service led by Dorset, around £7 million by 2017-18; and a South Yorkshire and Humberside mobile working solution which has already seen 660 hybrid laptop/tablet devices rolled out across the forces, £7.5 million by the end of 2015-16. The East Midlands forces are procuring body worn video equipment collaboratively through a framework agreement open to all forces.

3: Committee of Public Accounts conclusion:
The public's ability to hold police forces and Commissioners to account for their procurement spending is undermined by the lack of good data.

Recommendation:
The department's consultation exercise should focus on making available to the public, in a timely fashion and force by force, spending data on standard items to enable comparison between forces, and to enable local electorates, the department and Parliament to hold the Police and Crime Commissioners to account for value for money.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 HM Inspectorate of Constabulary (HMIC) has published its first Police Efficiency, Effectiveness and Legitimacy (PEEL) reports. The PEEL inspection programme introduces all-force inspections which assess annually how well each police force: cuts crime; provides a service that is fair; and provides value for money. These inspections allow the public to clearly see, across a range of simple categories, how their force is performing. HMIC has adopted a four-category approach that assesses forces as inadequate, requires improvement, good, or outstanding against a number of criteria.

3.3 Transparency of information remains a key focus. Through work with OPCC Chief Executives and the Association of Policing and Crime Chief Executives compliance with the overall requirements of the Elected Local Policing Bodies (Specified Information) Order 2011 by PCCs has reached approximately 90%. The requirement to publish procurement information has also improved with around 76% of the required procurement information across all OPCCs being published.

3.4 Through a contract with BravoSolution detailed procurement data is collected from all forces to allow them to compare spending, suppliers and goods and services bought. The department has made software licences and training available free of charge to PCCs and to forces to encourage use of BravoSolution to access this data.

4: Committee of Public Accounts conclusion:
Many police forces lack confidence in the department's procurement initiatives.

Recommendation:
The department should develop its evidence base to demonstrate to police forces and Commissioners the potential benefits and savings from more collaborative procurement and from using the police procurement hub.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 PCCs and Chief Officers have widely agreed a vision for police procurement to be founded on clear evidence of the costs and benefits of a collaborative approach, take advantage of opportunities to collaborate across the law enforcement community and wider public sector, increase standardisation of goods bought, aggregate purchasing and improve supplier and contract management.

4.3 The Collaborative Law Enforcement Procurement (CLEP) programme was established to implement this vision, bringing together a number of value for money initiatives on procurement into a single programme. Evidence has been collected through extensive consultation and analysis with police forces, suppliers and government agencies across a range of procurement categories. Eight categories have been identified as the focus for work to standardise specifications and aggregate procurement (fleet, uniforms, forensics, language services, commoditised ICT, construction, facilities management and utilities). Details of the evidence and proposed approaches are being communicated to PCCs and to forces. On 19 January 2015, the Gold Group on Police Finance and Resources agreed the proposed strategy.

4.4 The CLEP programme has also included supporting Cheshire and Hertfordshire to full implementation and use of the National Police Procurement Hub, as pathfinder projects. The department has supported both forces to resolve issues and drive greater usage of the Hub.

5: Committee of Public Accounts conclusion:
National framework contracts with suppliers can lead to significant savings through standardisation and bulk buying, but do not cover enough goods and services and are not used by enough forces.

Recommendation:
The department should determine where the greatest benefits can be achieved through either standardisation or national procurement approaches and set a clear timeframe for forces to come to agreement on these. Where forces fail to reach an agreement the department should be prepared to enforce standard specifications.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The CLEP programme has identified eight key category spend areas in which nationally agreed police specifications would enable significant savings to be delivered to Forces nationally or regionally through aggregated purchasing. The department is working with the National Policing leads to drive this forward, recognising that standard specifications must be informed by operational requirements defined by the police. Significant progress has already been made in some of these categories.

5.3 For example: a new Crown Commercial Service framework for fleet, awarded in December 2014, includes lots for emergency service vehicles including the police. The department is working closely with the National Policing Lead for fleet and the National Association of Police Fleet Managers (NAPFM) to support collaborative purchasing by groups of forces through the new framework on the basis of a new generation of police vehicle specifications.

5.4 In relation to police uniforms, the Metropolitan Police, on behalf of all forces, is leading the procurement for the National Uniforms Managed Service. An invitation to tender for this service was issued to 6 suppliers in December 2014.

6: Committee of Public Accounts conclusion:
Use of the national police procurement hub by police forces is woefully below the department's expectations, reducing the scope to make significant savings.

Recommendation:
The department must act to accelerate progress towards its target for items being bought through the national procurement hub. It should set out in its response to this report actions to renew its strategy and in addition publish comparative data showing improvement in performance over time by each force.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: May 2015.

6.2 The Hub pathfinder projects in two forces have been designed to understand the benefits of the Hub, as part of the wider CLEP programme. Hertfordshire went fully live on 15 September and all of its 170 top suppliers have committed to receiving orders electronically and half of them are e-invoicing. Cheshire is also making progress and some 60% of the force's spend is in scope to go through the Hub. Taking on board the lessons learned from both pathfinders, an implementation toolkit has been developed to support further roll out of the Hub to other forces.

6.3 Further work is in hand to build on the pathfinders. A bid for funding from the 2015-16 PIF has been submitted by the Kent and Essex Police and Crime Commissioners on behalf of their forces and a further six forces. The funding would be used to provide business change and technical support to help drive up utilisation of the Hub in all eight, and so provide a foundation for a wider roll out. PIF bids are being evaluated. By the end of May 2015 a decision will be made on any further steps to increase Hub usage.

7: Committee of Public Accounts recommendation:

Police Forces should actively promote the supply opportunities that exist to SMEs engaging with individual forces and supplying the Hub.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 As part of the Hub pathfinders project SME suppliers trading with Cheshire and Hertfordshire were supported and encouraged to supply through the Hub.

7.3 The department is working with Cabinet Office on cross public sector reforms to assist SMEs enabled by the regulatory powers provided in the Small Business, Enterprise and Employment Bill. Measures in the Bill aim to facilitate a simple and consistent approach to procurement across all public sector authorities so that small businesses can gain better and more direct access to this market. The Government has consulted on Regulations to implement reforms recommended in Lord Young's report, 'Growing Your Business' (published May 2013) and is analysing feedback received in response to this consultation.

7.4 In October 2014, the department and APCC hosted a Police IT Supplier Summit. The summit was focused on developing a way forward for forces and industry partners to achieve better value for money from police IT spend. Particular effort was made to involve and invite SMEs and new entrants to the police IT market. This is a further example of work to encourage the engagement of SMEs in supplying the police market.

8: Committee of Public Accounts recommendation:

The department should report back on how it will ensure an appropriate level of commercial expertise at both the centre and in individual police forces.

8.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

8.2 The department continues to ensure that its policing team are kept up to date with latest best practise and commercial expertise by undertaking regular reviews of skills gaps and development opportunities. The majority of the policing commercial team are members of the Chartered Institute of Purchasing and Supply and have at least 5 year's experience of specialist procurement roles.

8.3 Following the completion of a procurement skills audit of the police procurement community, the department will develop and implement a targeted training and refresher programme to address any skills or knowledge gaps. Responses to the audit have been received covering 50% of force procurement staff and the department has worked with procurement leads through the Strategic Police Procurement Board and National Police Procurement Executive to encourage further returns.

8.4 The department is also working with Forces to ensure that latest procurement best practices are cascaded to the Force procurement community, for example to prepare for the implementation of new procurement directives, the reforms being introduced through the Small Business, Enterprise and Employment Bill and to encourage participation in the Cabinet Office Commissioning Academy.

9: Committee of Public Accounts conclusion:
The Committee welcomes the department's commitment to improve value for money from police procurement spending and its acceptance of the C&AG's recommendations.

Recommendation:
The department should report back to the Committee in a year's time on progress in responding to the recommendations of both this report and the C&AGs report, the actions that have been taken locally, and the savings that have been achieved.

9.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

9.2 A progress report was sent to the Chair of the Committee on 20 October 2015.

Twenty Second Report of Session 2013-14

Department for Transport

High Speed 2: a review of early programme preparation

Summary of the Committee's findings

In January 2012 the department announced its decision to proceed with High Speed 2; the proposed Y-shaped high speed rail network linking London, the West Midlands and the North of England. Phase one, from London to Birmingham, is due to open in 2026 and phase two, from Birmingham to Leeds and Manchester, is due to open in 2033. The indicative budget for the network has now been increased to £42.6 billion plus £7.5 billion for rolling stock. The department is advised and assisted by HS2 Limited, a company that is wholly owned and funded by the department. The department plans to present the High Speed Rail Hybrid Bill, required to provide the necessary powers to construct and operate the line, to Parliament by the end of 2013, with the aim of receiving Royal Assent by the end of March 2015.

Background resources

- NAO report: High Speed 2: a review of early programme preparation – Session 2013-14 (HC 124)
- PAC report: High Speed 2: a review of early programme preparation – Session 2013-14 (HC 478)
- Treasury Minute: November 2013 (Cm 8744)

Updated Government response to the Committee:

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8744), 1 recommendation was implemented. 4 recommendations remained work in progress, of which 1 recommendation has now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
So far, the department has made decisions based on fragile numbers, out-of-date data and assumptions which do not reflect real life.

Recommendation:
The department's decision on phase two, due by the end of 2014, should be based on a business case for the Y-network prepared using up-to-date information and realistic assumptions, particularly on the benefits to business travellers.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2015.

3.2 The Business Case for HS2 and supporting economic analysis is based upon the department's published transport appraisal guidance. This provides a comprehensive framework for consistent modelling and appraisal by providing key methods, assumptions, and values.

3.3 The business case for the Y-network has been developed and reviewed at each stage of the project. The most recent update was published in October 2013, and used updated evidence and assumptions, including on benefits to business travellers. The business case will be updated to support decisions on Phase Two during 2015 using the most up to date evidence and assumptions.

4: Committee of Public Accounts conclusion:
The programme's large contingency appears to be compensating for weak cost information.

Recommendation:
The department should allocate its contingency allowance to specific risks to the programme to justify the large amount it has set aside for unexpected costs. It should also set out the processes it will use to keep tight control over the use of the contingency allowance.

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 The contingency allowance is derived from a quantified risk assessment, in line with Treasury guidance. The department agrees that risks and contingency should be apportioned to those best able to manage them. HS2 Ltd is managing design and construction contingency and the department will manage hybrid Bill contingency. Clear delegation arrangements are in place for management of contingency, including a clear process for managing drawdown, so that contingency is not prematurely eroded.

4.3 The department entered into a Development Agreement (DA) with HS2 Ltd in December 2014. Allocation of contingency to parties is based on allocation of risks in compliance with the Agreement. In the DA, the HS2 Ltd contingency is profiled in the Baseline Cost Model and the drawdown of this is controlled through the Operational Delegations set in the DA.

5: Committee of Public Accounts conclusion:
The department's aim to present the Hybrid Bill by the end of 2013 is ambitious and its timetable for receiving Royal Assent by the end of March 2015 appears to be unrealistic.

Recommendation:
The Accounting Officer should assure himself and advise ministers on whether the department and HS2 Limited can deliver both the Bill and the programme as a whole within the set timetables and to a high standard.

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2016.

5.2 The hybrid Bill was deposited in Parliament on schedule in November 2013. Progress to date with the Bill in Parliament has been positive and is in line with the Government's current Royal Assent assumption of December 2016.

5.3 The latest baseline completed in October 2014 for Phase One includes the key change to the schedule of a revised planning assumption for Royal Assent in December 2016 and recognises that a realistic, robust timeline is key to making the right decisions, reducing uncertainty and controlling costs.

5.4 The programme remains subject to regular internal and external assurance that informs the Senior Responsible Officer, Accounting Officer and Ministers on delivery confidence and management of risk.

6: Committee of Public Accounts conclusion:
The department has a shortage of the commercial skills it needs to protect taxpayers' interests on a programme of the scale of High Speed 2.

Recommendation:
The department should set out how and by when it will secure the right level of resources and mix of expertise to enable it to oversee a programme of this magnitude, and challenge HS2 Limited and its contractors effectively.

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2015.

6.2 The department has a very clear focus on the capabilities it needs as a client, with the Development Agreement clearly separating the roles of the department and HS2 Ltd during the delivery phase. The department has implemented a number of actions, not least bringing in an additional two highly experienced directors. The department is also in the process of expanding its high-calibre team of commercial and project specialists, which will further improve the department's Intelligent Client capability, streamlining the systems and processes used bringing world class best practice to bear. Such expertise embedded alongside permanent staff will allow for knowledge transfer across teams, pump-priming the skills available to provide a stronger client capability.

Twenty Third Report of Session 2013-14

HM Revenue and Customs

Progress in tackling tobacco smuggling

Summary of the Committee's findings

Tobacco duties generated £9.9 billion of revenue in 2011-12, but tobacco smuggling represents a significant risk to revenues. It undermines initiatives to reduce smoking and it is linked to the activities of organised criminal gangs. HMRC estimates that duty not paid on tobacco smoked in the UK in 2010-11 resulted in revenue losses of around £1.9 billion. HMRC launched the latest iteration of its tobacco strategy in April 2011. This is a joint strategy with Border Force; HMRC has overall responsibility for delivering the strategy while Border Force is responsible for the seizure of illicit tobacco at the border.

Background resources

- NAO report: *Progress in tackling tobacco smuggling* – Session 2013-14 (HC 226)
- PAC report: *Progress in tackling tobacco smuggling* – Session 2013-14 (HC 297)
- Treasury Minute: February 2014 (Cm 8774)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the Treasury Minute (Cm 8774), 3 recommendations were implemented. 3 recommendations remained work in progress, all of which have now been implemented, as set out below.

5: Committee of Public Accounts conclusion:
HMRC has not yet found the right balance in its use of prosecutions and other enforcement action to deter potential offenders.

Recommendation:
HMRC and Border Force should develop a clear and coherent rationale for the use of prosecutions and other enforcement action within the UK, based on good evidence of the deterrent effect. They should also publicise prosecutions and other enforcement action more widely to deter potential offenders. HMRC needs better relationships with Local Authority trading standards officers to achieve this.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The department's action to tackle tobacco smuggling takes into account the deterrent impact of enforcement action on people selling illicit tobacco. In conjunction with Border Force, the department has clear working arrangements on the referral of cases for further action. An enhanced referral process, which has been in operation since 1 April 2014, captures a wider range of information. This enables better informed decisions on actions to be taken.

5.3 Multi-agency partnership working involves Trading Standards, Police and Border Force. Intelligence sharing and joint operational activity, supported by a media strategy, maximises publicity and deterrence impact. The department has rolled out a pilot programme of 15 national hotspots for multi-agency activity in 2014-15, which has publicised prosecutions and other enforcement action to deter offenders. Evaluation of this pilot will help the department with the design of future inland interventions aligned with proactive educational and media activity.

6: Committee of Public Accounts conclusion:
HMRC must do more to work with other agencies to tackle tobacco smuggling in the UK. Joint working of this nature will improve enforcement activity, reduce supply and educate the public about the risks of purchasing illegal products.

Recommendation:
HMRC should implement effective examples of joint-working more quickly across the UK.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 As part of the department's inland approach, a multi-agency pilot programme has been rolled out to target the highest risk areas for illicit tobacco, specifically targeting distribution and retail sale and increasing publicity around the risks of illicit tobacco. However, the department is committed to building further on that work and will implement a comprehensive framework for tackling illicit tobacco inland as part of the refreshed strategy to be published Spring 2015.

7: Committee of Public Accounts conclusion:
There is still a significant problem with the over-supply of hand-rolling tobacco, in particular, to high-risk countries.

Recommendation:
HMRC should apply the supply-chain legislation to its full extent. It needs to identify and seek to correct any shortcomings in the legislation to put a stop to the abuse of exports by tobacco manufacturers. It should consider naming and shaming those manufacturers who fail to co-operate fully with the department.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 The department adopts a robust approach to enforcement of the supply-chain legislation and a penalty notice has been issued to a major tobacco manufacturer. Resources have been reallocated to this work and they are being used to challenge the other tobacco manufacturers to strengthen their supply chain controls.

7.3 The department has not identified shortcomings in the supply chain legislation. Tobacco manufacturers face penalties of up to £5 million for facilitating smuggling. This deterrent has resulted in supplies of cigarettes to high risk markets dropping by almost two thirds, and hand-rolling tobacco, by a third since 2008.

7.4 The department has a legal duty of taxpayer confidentiality and cannot comment publicly on any concerns involving individual taxpayers. Currently there are no plans to change this.

Twenty Fourth Report of Session 2013-14

Ofcom

Rural Broadband Programme

Summary of the Committee's findings

The Programme is designed to help get superfast broadband to areas, predominately rural, where commercial broadband infrastructure providers currently have no plans to invest. Under the Programme the department provides grant funding to 44 bodies (local authorities or groups of authorities) to subsidise them to procure the superfast broadband services for their areas. The department has developed a framework contract for local bodies to use and also offers them support in negotiating with the supplier to provide the infrastructure required to fill in the gaps in commercial coverage. The department has allocated £490 million in grant funding to local authorities for the Programme until 2015 and is also seeking matched funding from local authorities and capital investment from the supplier, BT.

Background resources

- NAO report: *The rural broadband programme* – Session 2012-13 (HC 535)
- PAC report: *The rural broadband programme* – Session 2013-14 (HC 474)
- Treasury Minute: February 2014 (Cm 8774)

Updated Government and Ofcom response to the Committee

There were 6 recommendations in this report. The Department of Culture, Media and Sport responded to 5 of the Committee's recommendations. 1 recommendation was implemented and the department disagreed with 4 recommendations. Ofcom completed recommendation 7, which remained work in progress and has now been implemented, as set out below.

7: Committee of Public Accounts recommendation
BT's competitors have legitimate concerns about the scope for them to compete effectively under the current regulatory regime

Recommendation:
As part of its current review of the broadband market, Ofcom should explicitly address the impacts on competition of BT's wholesale pricing structure and of the terms and conditions attached to accessing BT's infrastructure.

7.1 Ofcom agreed with the Committee's recommendation.

Recommendation implemented.

7.2 Under the European Framework, Ofcom is required to periodically review the state of competition in various communications markets, including the broadband market.

7.3 In 2010 Ofcom published the findings of its previous reviews of the Wholesale Broadband Access (WBA) and Wholesale Local Access (WLA) markets. Where BT was found to have significant market power (SMP) in these markets Ofcom imposed a number of wholesale access and pricing remedies on BT.

7.4 Separate to the European Framework, in 2004-05, Ofcom conducted a strategic review of communications markets in the UK. This review resulted in the BT Undertakings and the functional separation of BT. The BT Undertakings have subsequently been amended to accommodate technological and market developments. For example, in 2009-10, they were amended to incorporate BT's deployment of next generation access (NGA).

7.5 The combination of regulation under the European Framework and the BT Undertakings has been instrumental in ensuring effective competition in the UK.

7.6 At the end of 2012, Ofcom began its most recent reviews of the Wholesale Broadband Access (WBA) and Wholesale Local Access (WLA) markets.[23] On 26 June 2014, Ofcom published its final statements on these reviews.[24] As part of these reviews, Ofcom assessed competition within these markets and considered the various wholesale access arrangements to BT's network and the terms and conditions and pricing of these arrangements. In particular, where BT was found to hold a position of significant market power (SMP) in these markets Ofcom imposed the following regulation, which is relevant to broadband.

Access arrangement	Pricing
Aggregated bit-stream broadband access	CPI-10.7% charge control
Local loop unbundling (LLU) - full	CPI+0.3% charge control
Local loop unbundling (LLU) - shared	CPI-33.4% charge control
Fixed analogue exchange line	CPI-3.0% charge control
Virtual unbundled local access (VULA)	Pricing flexibility
Sub-loop unbundling (SLU)	Cost orientation
Physical infrastructure access (PIA)	Cost orientation

7.7 Ofcom will undertake a Business Connectivity Market Review in 2016.

23 http://stakeholders.ofcom.org.uk/consultations/review-wba-markets/statement/

24 http://stakeholders.ofcom.org.uk/telecoms/ga-scheme/specific-conditions-entitlement/market-power/fixed-access-market-reviews-2014/statement/

Twenty Sixth Report of Session 2013-14

Department for Transport

Progress in delivering the Thameslink Programme

Committee of Public Accounts conclusion:

The department is sponsoring the programme to increase passenger capacity on the Thameslink route through central London. The programme comprises three interrelated projects: to improve rail infrastructure, to buy new trains, and to let the new franchise to operate the new services. The infrastructure project to improve tracks and stations at a cost of £3.55 billion (2006 prices), is being delivered through Network Rail. The department is buying the new trains, with an estimated capital cost of £1.6 billion through a private finance initiative. It is also responsible for letting the new franchise and overall management of the programme.

Resources

- NAO report: *Progress in the Thameslink Programme* - Session 2013-14 (HC 227)
- PAC report: *Progress in the Thameslink Programme* - Session 2013-14 (HC 296)
- Treasury Minute: January 2014 (Cm 8774)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8774), 2 recommendations were implemented. 3 recommendations remained work in progress, all of which have now been implemented, as set out below.

2: Committee of Public Accounts recommendation:

The department should develop a long term investment strategy for transport projects built on a strong evidence base, including better passenger travel data and more reliable forecasts. This should help to secure political consensus and greater certainty of funding, which will in turn help to get projects up and running much more quickly.

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

2.2 *Transport – an engine for growth*, published in August 2013, sets out how investments over this Parliament and the next fit together. In December 2014, the department published *Understanding and Valuing the Impacts of Transport Investment Progress Report 2014* which sets out an analytical strategy and progress the department has made to enhance the appraisal evidence base; and *The Transport Investment and Economic Performance report* – an independent academic report, commissioned by the department to consider evidence on how transport investment affects economic performance.

2.3 An Evidence and Research Strategy (ERS) was produced by each directorate in the department in 2014-15 to support the collection of better data and the development of more reliable forecasts. Teams detail their evidence needs in the ERSs and share these with stakeholders in order to support this process.

2.4 The department has updated its appraisal guidance to include evidence from the latest industry and academic research and has compiled a new database of historic rail demand and its drivers which will be used to improve the understanding of rail forecasting and its uncertainty. The department will also commission new estimation of elasticity's and will be undertaking further work to further improve rail models and validation.

3: Committee of Public Accounts:
The department suffers from a shortage of strong project management skills.

Recommendation:
The department must put in place a clear plan to build sufficient, appropriate skills in the organisation to match the scale and ambition of its portfolio of projects. Clear succession plans should be built into project plans taking into account the key points in the project lifecycle when staff moves can be made with minimal impact.

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

3.2 The department has strengthened its commercial and programme / project management (PPM) capability; and met the Civil Service Reform target of having all Senior Responsible Officers / Project Directors signed up to the Major Projects Leadership Academy by December 2014. The department is leading a Chief Executive Officer Group and Human Resources Directors Group involving HS2 Ltd, Crossrail, Transport for London (TFL), and Network Rail to address skills shortages and develop a shared approach to recruitment, remuneration, career planning and skills development. The department is also developing a portfolio management approach to oversee the pipeline, initiation and delivery of its top tier projects that will help with identifying succession plans as projects progress through the lifecycle.

6: Committee of Public Accounts:
The Committee is not convinced that the department has thought through all the risks associated with letting a new style of franchise for the first time.

Recommendation:
The department needs to invest sufficient time and resources in considering the details of the management-style contract and develop a clear approach to running the Thameslink competition which identifies the risks and shows how these have been managed.

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

6.2 The Thameslink Southern Great Northern (TSGN) Franchise was awarded in May 2014, with the department carrying revenue risk. Having considered the nature of the TSGN Franchise Agreement and how comparative organisations manage similar contracts, the department has established a bespoke franchise management team whose size and composition reflects the nature of the TSGN Franchise Agreement and contains an appropriate mix of revenue, marketing, performance, PPM, commercial and contract management expertise. The franchise management team has put in place PPM processes including risk management and is reviewing the department's established franchise management processes to ensure that they reflect the bespoke nature of the Franchise Agreement.

Twenty Seventh Report of Session 2013-14

Cabinet Office

Charges for customer telephone lines

Summary of the Committee's findings

In 2012–13 central Government handled at least 208 million telephone calls. The Department for Work and Pensions received 100 million calls and HM Revenue and Customs received 68 million calls. Some 63% of calls to central Government were to higher rate telephone numbers. The estimated cost to callers of these calls in 2012–13 was £56 million. Callers to higher rate lines paid £26 million in call charges while waiting to speak to an adviser. Costs of phone calls using 0845 or other higher rate phone numbers hit the poorest the hardest, particularly because they are most likely to be using mobile phones where the charges are even higher. Departments do not have a clear idea of the extra revenue generated from higher rate numbers. Despite Cabinet Office guidance, departments do not monitor the call revenues that third party providers receive.

Background resources

- NAO report: Cross-Government: charges for customer telephone lines - Session 2013-14 (HC 541)
- PAC report: Charges for customer telephone lines - Session 2013-14 (HC 617)
- Treasury Minute: February 2014 (Cm 8819)

Updated Government response to the Committee

There were 4 recommendations in this report. As of the last Treasury Minute (Cm 8819), 1 recommendation was implemented and the department disagreed with 1 recommendation. 2 recommendations remain work in progress, set out below.

3: Committee of Public Accounts conclusion:
Higher rate telephone lines have a disproportionate impact on vulnerable and low-income groups who are deterred from calling, limiting access to essential services.

Recommendation:
The Cabinet Office should mandate that telephone lines serving vulnerable and low-income groups should never be charged above the geographic rate and ensure that 03 numbers are available for all government telephone lines within 6 to 12 months, prioritising any which predominantly serve vulnerable and low-income groups.

3.1 The Government agreed with the Committee's recommendation.

Target Implementation date: Spring 2015.

3.2 In December 2013, the Government published guidance which set out clear principles for departments, noting that it is inappropriate for callers to pay substantial charges for accessing core public services, particularly for vulnerable and low income groups, and that departments should use prefixes offering a geographic rate call as a default policy position. Departments remain responsible for their number prefix choice. To help monitor on-going implementation, the guidance requires each department to publish an annual status report.

3.3 In November 2014, the 13 departments who operate customer service lines published their annual status reports on GOV.UK. The reports show that departments have largely migrated lines to lower cost alternatives or are offering dual numbers in parallel, allowing callers a choice based on their individual call package arrangements. They also indicate that departments have ensured that where dual numbering systems exist, the 03 number is advertised as the primary contact number. Cabinet Office has been assured by departments that, by spring 2015, number migration in line with the guidance will be complete.

5: Committee of Public Accounts conclusion:
Departments' arrangements with telephone service suppliers lack the transparency needed to demonstrate whether value for money is being achieved.

Recommendation:
The Cabinet Office must require open-book arrangements for all government contracts where suppliers generate extra money from higher rates. Contracts should require a consistent set of metrics so performance levels can be compared. The Cabinet Office should establish transparent benchmarking arrangements to help departments achieve value for money

5.1 The Government agreed with the Committee's recommendation.

Target Implementation date: Summer 2015.

5.2 The Government published guidance, in December 2013, which encouraged departments to consider the use and enforcement of open book arrangements where appropriate. Departments are required to use Crown Commercial Service Framework Agreements to buy numbering services unless there are exceptional circumstances. The Cabinet Office is examining open book accounting to identify how and in what circumstances open book arrangements should be adopted and is undertaking further work to develop government policy in this area, including considering guidance to help determine how and at what level Open Book should be applied on Government contracts.

Twenty Eighth Report of Session 2013-14

Department for International Development

Fight against Malaria

Summary of the Committee's findings

Malaria is a mosquito-borne infectious disease. It is transmitted by mosquitoes drawing infected blood from one person and transmitting it to others. In 2010 there were around 219 million malaria cases worldwide, leading to some 660,000 deaths. Malaria particularly affects low-income countries with weak public health systems; it is also a significant factor in constraining their economic growth. The department's spending to combat malaria will increase from £138 million in 2008-09 to nearly £500 million by 2014-15. In the absence of a fully effective vaccine, the department's strategy is to reduce new infections through distributing proven malaria controls, such as insecticide treated bed nets, and to reduce deaths and illness through supplying drugs to treat infected people. The department plans to undertake a midterm review of its malaria programme by the end of 2013.

Background resources

- NAO report: *Malaria* – Session 2013-14 (HC 534)
- PAC report: *Fight against Malaria* - Session 2013-14 (HC 618)
- Treasury Minute: April 2014 (Cm 8847)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8847), 7 recommendations remained work in progress, of which 2 have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The department does not presently allocate its resources according to need.

Recommendation:
Following its mid-term review, the department should improve its prioritisation of funding between countries, so it targets its resources on those countries where the need is greatest and expenditure is most effective.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The department completed a resource allocation round (RAR) in 2014. As part of this, and where feasible, it compared the cost-effectiveness of malaria interventions between countries.

2.3 The department completed its mid-term review of the Malaria Framework for Results in May 2014. It found that the allocation of funding between countries under the bilateral programme was judged to be broadly appropriate, as was the allocation across multilaterals. The department also used its influence on the Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) to ensure that GFATM's New Funding Model (NFM) focussed on countries with the highest burden and least ability to pay. The NFM is designed to focus funding on countries that are most affected by the three diseases and encourage all countries to invest scarce resources for greatest impact.

3: Committee of Public Accounts conclusion:
The department does not yet understand sufficiently the variations in cost effectiveness between each of its country programmes.

Recommendation:
Before the next Spending Review, the department must be able to compare its cost-effectiveness at country level, to identify scope for further gains in value for money. In low prevalence countries, the department should work with its partners, including the World Health Organisation, to focus on unit cost benchmarks for effective control systems, as well as for treatment.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The department has developed internal guidance on the assessment and evaluation of value for money (VFM) indicators for malaria programmes assisting its country offices to compare cost effectiveness. It is working with World Health Organisation (WHO) and Roll Back Malaria (RBM) partners to identify what works where and to identify measures of cost-effectiveness. In November 2014 the RBM Board agreed to establish a reference group on the economics of malaria under the research and academia constituency.

3.3 In collaboration with GFATM, the Innovative Vector Control Consortium, the London School of Hygiene and Tropical Medicine and the Liverpool School of Tropical Medicine (LSTM), the department organised a meeting on the economics of malaria in October 2014. This brought together experts and malaria control programme managers to review existing evidence on cost-effectiveness of malaria control interventions and identify key knowledge gaps in the economics of malaria. It also commissioned LSTM to develop a technical paper summarising the knowledge base on the economics and VFM of malaria control interventions in an era of insecticide resistance.

3.4 Through its Africa Regional Malaria Programme, the department has supported eight countries to compile data on malaria burden and intervention coverage to facilitate evidence-based national strategic malaria planning processes.

4: Committee of Public Accounts conclusion:
The department has not been sufficiently selective in allocating money to its country offices.

Recommendation:
The department should make clear that it expects its country based teams to consider wider options across well-targeted malaria prevention, diagnosis and treatment activities, and it must allow sufficient time for these teams to develop their funding bids.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2015.

4.2 Through the RAR, the department considered the totality of its investment in malaria prevention, diagnosis and treatment through different instruments (for example: malaria programmes managed in-country and funding delivered via GFATM) in order to ensure it is coherent and that the department uses the most appropriate delivery channel for the context.

4.3 Through its Africa Regional Malaria Programme, the department has supported eight countries to compile data on malaria burden and intervention coverage to facilitate evidence-based national strategic malaria planning. In 2014, its support to the WHO and the RBM Harmonisation Working Group has helped 21 countries to develop evidence-based strategies that encompass a robust epidemiological and intervention coverage analysis, and 42 countries to develop GFATM NFM Concept Notes of which 23 had been submitted to GFATM by December 2014.

5: Committee of Public Accounts conclusion:
The department's on-going growth in expenditure to combat malaria risks creating protracted dependency on UK funding.

Recommendation:
The department should require country-based staff to design programmes that require the government of each country to contribute to the programmes funded, and to seek additional non-UK resources.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2015.

5.2 Through its bilateral support, the department encourages countries to increase the share of partner government expenditure spent on health. It is working with the global malaria community to draft the new Global Malaria Action Plan. This recognises the importance of greater domestic investment, new funding sources, regional funding, more efficient management of resources, increased transparency and accountability, and the creation of innovative resource strategies. Through its support to the Africa Regional Malaria Programme and to RBM's Harmonisation Working Group, it is helping to build the national case for investment through the development of evidence-based national strategies.

5.3 GFATM now requires all countries to include co-financing (in cash or in kind) and sustainability in national malaria grant applications. The UK was influential in securing a new GFATM corporate key performance indicator on domestic financing to help track progress on this.

6: Committee of Public Accounts conclusion:
The mass distribution of free or subsidised bed nets suppresses local commercial markets.

Recommendation:
The department should develop its programmes to avoid suppressing local commercial markets for "paid-for" bed nets, through targeting its free distributions on those who would not otherwise pay for bed nets.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2015.

6.2 The department has updated its Malaria Evidence Overview Paper to include a review of different strategies to sustain bed net coverage and use. It has also developed a Markets for Health training course, which is about to deliver its third round of training to its staff and those of its non-governmental organisation partners in 2015. Later in 2015, the course will be delivered to developing country policy makers, before being made into a Massive Open Online Course. The department will continue to work with the commercial sector to identify where there are opportunities to harness domestic private sector engagement.

7: Committee of Public Accounts conclusion:
The Committee also heard evidence that nets secured from western suppliers were often of an unsuitable size despite the availability of more appropriate products within the local market.

Recommendation:
The department should aim to procure bed nets on a local basis where a failure to do so might have a damaging long term impact on the objectives of the project being supported.

7.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2015.

7.2 The department's procurement strategy promotes extending choice in purchasing options and ensuring that it drives value for money and effectiveness. It will procure bed nets on a local basis when VFM and quality can be assured and will encourage GFATM to have a similar aim. The department worked with GFATM and other partners to establish a new framework to procure bed nets and other commodities to improve delivery and make significant savings. Over the next two years, GFATM and partners will provide 190 million bed nets with an estimated cost saving of over $140 million. The framework approach focused on reducing market dominance by single manufacturers and optimised both capacity and reduction of risk, by awarding the framework to seven suppliers with a strong focus on local manufacture.

7.3 The department will continue to assess the costs and benefits of procurement of health commodities through local and international sources and the potential for domestic manufacturing of malaria commodities. It is in the process of finalising an internal issues paper to help inform its approach.

8: Committee of Public Accounts conclusion:
The department has not yet made the most of easy to use rapid diagnostic tests to increase the number of people who can be quickly and correctly diagnosed for malaria.

Recommendation:
The department should extend its support for rapid diagnostic tests to the private sector on a national or regional scale as well as using public sector outlets. It should do so in countries where competent private sector vendors exist, to seize the unquestionable benefits this would bring.

8.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2015.

8.2 The department is supporting the scale-up of diagnosis and treatment in the private and public sectors through bilateral programmes and through funding to GFATM and the Clinton Health Access Initiative (CHAI) to support access to malaria diagnosis and treatment, and to UNITAID to support scale-up of rapid diagnostic tests. In the past year, CHAI negotiated low, yet sustainable prices, averaging $0.27 per malaria rapid diagnostic test (mRDT) with four high-quality mRDT manufacturers for the private sector in Kenya and Tanzania - a substantial reduction since the project began. This has resulted in $2.3 million of cost savings over the same period. Through CHAI, the department also supported six national malaria control programmes to develop comprehensive case management strategies that reflected the role of the private sector.

Twenty Ninth Report of Session 2013-14

Department for Communities and Local Government

New Homes Bonus

Summary of the Committee's findings

The Government estimates that 232,000 extra households will need homes each year to 2033 but in 2012 only 115,600 new homes were built in England. The New Homes Bonus is a non-ring-fenced payment the department has made to local authorities since April 2011 for every home added to the council tax register. To partly fund the Bonus, the department allocated £950 million in specific grant for the four years to March 2015. In addition, each year the Bonus is financed by redistribution from within the department's main formula funding for local authorities, with £599 million redistributed so far. Some local authorities are net gainers from the redistribution of formula funding, whereas others lose out.

Background resources

- NAO report: *New Home Bonus* – Session 2012-13 (HC 1047)
- PAC report: *New Homes Bonus* – Session 2013-14 (HC 114)
- Treasury Minute: February 2014 (Cm 8774)

Updated Government response to the Committee

There were 4 recommendations in this report. As of the last Treasury Minute (Cm 8774), 2 recommendations were implemented. 2 recommendations remained work in progress, all of which have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
More than two years into the scheme, the department has not evaluated whether the New Homes Bonus is changing how local authorities approach the creation of new homes

Recommendation:
The department should set out its evaluation plans now, including methods, data sources, indicators of success, and how it will seek to isolate the specific impact of the scheme from other factors. The Committee will ask the NAO to review the department's evaluation plan for the Bonus and its findings in Spring 2014.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Terms of Reference for the evaluation of the New Homes Bonus were shared with the Committee in December 2013. The department discussed its plans for the evaluation of the New Homes Bonus with the NAO in April 2014. The evaluation has now been undertaken and an evaluation report was published in December 2014.

5: Committee of Public Accounts conclusion:
There may be scope to make small adjustments to the incentives in the New Home Bonus to enable it to better complement other government initiatives

Recommendation:
The department should examine the scope for straightforward adjustments it could make to the Bonus to complement other Government initiatives, such as energy efficient homes.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 Following the evaluation of the Bonus, the department has considered whether adjustments should be made to the Bonus to complement other Government initiatives. No changes to the method of calculating the Bonus are being taken forward at this time, in order not to undermine the role of the incentive in councils' long-term financial planning. The department will in due course set out proposals for improving the transparency of new homes bonus payments and usage.

Thirtieth Report of Session 2013-14

HM Treasury; Department for Work and Pensions; and Cabinet Office

Universal Credit: early progress

Summary of the Committee's findings

The department has stated that Universal Credit will simplify the benefits system by consolidating six means-tested working-age benefits into a single system intended to encourage claimants to start work or earn more. The department expects to spend £2.4 billion up to April 2023 on implementing Universal Credit, and by April 2013 it had spent £425 million, mostly on IT development (£303 million). In February 2013, the department reset the programme following a Major Projects Authority review which expressed serious concerns about the programme lacking detailed plans. It is highly likely that a substantial part of the expenditure on IT development will have to be written off. Since then, the department has been working to address these concerns, but has yet to submit revised plans for approval by Ministers, the Treasury and the Cabinet Office.

Background resources

- NAO report: *Universal Credit: early progress*- Session 2013-14 (HC 621)
- PAC Report: *Universal Credit: early progress*- Session 2013-14 (HC 619)
- Treasury Minute: January 2014 (Cm 8774)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8774), 1 recommendation was implemented. 5 recommendations remained work in progress, all of which have now been implemented, as set out below.

2: Committee of Public Accounts recommendation:
Management of the Universal Credit programme has been extraordinarily poor.

Recommendation:
The department should ensure that new governance arrangements provide robust oversight of progress and that these arrangements are agreed by the Major Projects Authority. Responsibilities for programme management and different levels of assurance should be set out clearly, with appropriate engagement of official's at the most senior level within the Department for Work and Pensions and the Cabinet Office.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 New governance arrangements have been introduced and have been signed off by the Universal Credit Programme Board, which includes representatives from the Treasury, the Cabinet Office and delivery partners. The arrangements are regularly reviewed to ensure delivery is effectively supported.

3: Committee of Public Accounts recommendation:
The lack of oversight allowed the departments Universal Credit team to become isolated and defensive, undermining its ability to recognise the size of the problems the programme faced and to be candid when reporting progress.

Recommendation:
The department must ensure it has comprehensive, relevant and clear information to assess progress. Progress must be monitored at the most senior levels within the department and it is essential that staff feel able to raise concerns at an early stage if they identify difficulties.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The department has already ensured the necessary information to support effective governance is in place. This includes a comprehensive suite of reporting products and further improvements to the department's internal assurance process to assess progress.

3.3 The second NAO review of Universal Credit (Progress Update, November 2014) noted the work undertaken to clarify governance and strengthen independent challenge, including adding an independent Chair to the Programme Board. The NAO also reported a significant increase in the number of staff expressing confidence in the senior leadership team and who feel that senior management encourages challenge and listens to their concerns (up from 30% in 2013 to 70% in 2014).

3.4 The Programme's Director General is a member of the department's Executive Team, and there are also (as with other major programmes) six weekly Programme reviews with the Permanent Secretary, Finance Director General and Business Transformation Director General.

4-5: Committee of Public Accounts recommendation:
It is extremely disappointing that the litany of problems in the Universal Credit Programme were often hidden by a culture prevalent in the department which promoted only the telling of good news. There has been a shocking absence of control over suppliers with the department neglecting to implement basic procedures for monitoring and authorising expenditure.

Recommendation:
The department must complete its own impairment review as a matter of urgency; implement suitable payment controls; and demonstrate that it is getting value for money through future negotiations with suppliers.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 An impairment review has been completed, agreed with the NAO and published in the department's Annual Report and Accounts for 2012-13.

4.3 All recommendations from the various reviews of financial management and controls have been implemented. Internal Audit recently concluded that the framework of governance, risk management and control was adequate and effective, giving a 'Substantial Assurance'. This is the highest level of assurance that Internal Audit can provide.

4.4 The Programme improvements have been recognised in a further NAO report (November 2014) stating, "*The department has taken a more active approach to managing suppliers and establishing financial control within the Programme*". A robust Commercial Strategy is in place with a dedicated Universal Credit Supplier Director. An Internal Audit report, in November 2014, reported that the Programme has built the capability to challenge, monitor and review supplier performance, including challenge of the management information provided.

4.5 Staged approvals are in place with the Treasury, which require value for money analysis before release of funding to the Programme. An approvals process has also been developed, agreed and implemented with the Treasury.

6: Committee of Public Accounts recommendation:
The pilot programme is inadequate as it does not deal with the key issues that Universal Credit must address: the volume of claims; their complexity; change in claimants' circumstances; the need for claimants to meet conditions for continuing entitlement to benefit; and the security of information to prevent fraud.

Recommendation:
The department should evaluate what benefit it can derive from the existing Pathfinder programme and ensure it introduces a revised pilot programme to help prepare for the full implementation of the policy.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 Interim results, published November 2013, from the UC claimant survey in the Pathfinder North West sites provided evidence on attitudes, experiences, and behaviours of new claimants. As part of the progressive roll out of UC the approach has been tested with single people as well as couples and families in the North West, this enabled a broader range of lessons to be learned before full implementation of the policy.

6.3 The department's approach to Test and Learn continues to provide evidence in support of the realisation of benefits from UC. Emerging evidence from the Live Service, published as part of *Universal Credit at Work*, shows that people on UC are moving into work quicker then their legacy counterparts. The Department's Test and Learn activity has supported the announcement by the Secretary of State to expand UC nationally from February 2015 so as to include a footprint across all regions of the country.

6.4 Test and Learn activities are continuing with Housing Elements in Blackpool as well as In Work Conditionality Trials. The department continues to work with strategic partners and wider, and to learn from the trials to inform the department's forward strategic design work.

7: Committee of Public Accounts recommendation:
The Committee are not yet convinced that the department is in a position to present revised plans for approval by ministers, the Cabinet Office and the Treasury that resolve the problems of developing a secure system that can accommodate large numbers of claimants who have complex and changing circumstances and who will be expected to fulfil certain conditions.

Recommendation:
The department's revised plans should set out: a range of deliverable options to present to ministers, the Cabinet Office and the Treasury detailing the services, processes and systems for Universal Credit; and a clear strategy for IT development, demonstrating the best way forward for the programme and an accurate review of current investment which will not be needed in the long-term.

The department's revised plans should also set out: realistic ambitions on timescales and the amount that can be delivered online, and the impact of these on the costs and benefits of the new system. While the Committee recognises that timetables might need to be flexible, the department should set out the milestones against which it can be held to account, such as: when each affected benefit will be replaced by Universal Credit; and the migration of claimants onto the new system; and the availability of key services online; and the budget for the remainder of the programme and the net benefits it expects will be delivered, explaining how these have changed compared to previous plans.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 Ministers considered options for delivering Universal Credit and subsequently published the agreed approach in a Written Ministerial Statement, in December 2013. Their approach – further roll out of Universal Credit (using assets already created) while also developing a digital solution – saved taxpayers £2 billion (over ten years) compared with simply waiting for the digital solution.

7.3 In September 2014, the Chief Secretary to the Treasury (CST) approved the Programme's Strategic Outline Business Case, with a revised critical path. This plan has been assured by the Major Project Authority in a Programme Assessment Review, and includes the key milestones for delivery of changes to existing benefits and tax credits up to 2020.

7.4 Spending plans and benefits of UC are also detailed in the SOBC, which records a reduction in planned investment costs of £0.6 billion, from £2.4 billion to £1.8 billion.

Thirty First Report of Session 2013-14

Home Office

The Border Force: securing the border

Summary of the Committee's findings

The Border Force's 7,600 staff operate immigration and customs controls at 138 air, sea and rail ports across the UK, and in France and Belgium, to prevent 'harmful' individuals and goods entering the UK. In March 2012, the Border Force was transferred from the then UK Border Agency to the Home Office to strengthen management oversight following criticism around relaxation of border controls. The Border Force had five different heads in the 18 months to March 2013, when the current Director General, Sir Charles Montgomery, was appointed. The Border Force has a budget of £604 million for 2013-14, but is facing cuts as part of wider reductions in the Home Office's resources agreed in the Spending Review settlement for 2015-16.

Background resources

- NAO report: *The Border Force: securing the border* - Session 2013-14 (HC 540)
- PAC report: *The Border Force: securing the border* - Session 2013-14 (HC 663)
- Treasury Minute: February 2014 (Cm 8819)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8819), 1 recommendation was implemented. 5 recommendations remained work in progress, of which 4 have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The Border Force has had to prioritise passenger checks at the expense of its other duties thereby weakening security at the border.

Recommendation:
The Border Force needs to set out how it will ensure that it delivers its full range of duties across all ports to provide the required level of national security.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 Border Force works to an operating mandate agreed by ministers which sets out exactly which checks are conducted at the border and has evolved its workforce to include a mix of seasonal staff to ensure that it is able to manage varying seasonal demands. Better deployment modelling and planning means that officers are in the right places at the right times, helped by new technology such as the dynamic response tool - a tool which uses live and forecast flight information to measure the flow of arriving passengers through the Primary Control Point and then uses this workload calculation to produce a recommended Border Force Officer desk profile.

2.3 The Border Intelligence Review has also informed the transformation of intelligence. Targeting expertise is being centralised, informed by local intelligence, and complemented by better working across government with key stakeholders such as the NCA and HMRC. The result has been improving performance during the past 12 months with Border Force meeting seizure targets for most commodities, specifically for cigarettes where performance has previously been lagging.

3: Committee of Public Accounts conclusion:
It is not clear how the Border Force will cope with the growing demands placed on it to secure the border given the limited resourcing at its disposal.

Recommendation:
The Border Force must demonstrate through effective, realistic planning that it can deliver its workload within the resources available.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: 2015-16.

3.2 Border Force has developed a strategic planning process designed to test the realism of growth estimates and other assumptions made when developing its corporate and regional plans. Investment continues to be made in enablers such as automation, improved intelligence and targeting, rostering and deployment tools, to ensure that best use is made of the resources available. The planning horizon also reaches beyond the next financial year to consider activities scheduled for delivery in future years, to identify where investment may be needed.

3.3 Border Force also participates in planning at a border system level. This is a centrally controlled process designed to ensure that the impacts on the border and immigration system of decisions made by the operational commands are identified in advance, and to examine where collaboration and partnering may reap additional benefits from planned business change.

5: Committee of Public Accounts conclusion:
Good intelligence is required to control who and what enters the UK, yet there are worrying gaps in the data available to the Border Force to secure the border.

Recommendation:
The Border Force must address the gaps in the data it receives on people arriving in the UK, and the existing data needs to be cleansed to increase the quality, reliability and usefulness of the intelligence generated, to help the Border Force better align its resources to its priorities.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 Advance Passenger Information (API) coverage increased to 81% of passenger journeys. Commercial air, maritime and rail coverage stand at 96%, 22% and 0%, respectively with plans to continue to increase coverage and data quality.

5.3 The data quality improvement project is ongoing and key milestones have been met. Work on the new data model and information dashboard has been completed. These form the basis of the near real time core Data Quality Platform which is being built currently for release in spring 2015.

5.4 Direct system access will be made available to carriers to identify and remediate data quality issues (planned for June 2015). Work has also commenced with representatives from across the carrier group to demonstrate a prototype system and gather their requirements which will provide an evidential basis to support the policy direction of levying fines upon carriers who persistently fail to provide good quality data.

6: Committee of Public Accounts conclusion:
The Border Force's IT systems are inadequate and its future development plans seem to be unrealistic.

Recommendation:
The Border Force must set out how, and by when, it will have in place the functional IT systems it needs to underpin the security of the UK border.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The key achievements of Border Systems Portfolio, so far, has been the stabilisation of the Warnings Index (WI) with a fully supported modern data centre, implementation of 106 ePassport gates available at 17 UK ports, use of 81% API coverage leading to immigration and police interventions and arrests, Pre-Departure Control System, Automated Freight Targeting Capability and delivering increased Passenger Name Record (PNR) volumes, all of which contribute to underpinning the security of the UK border.

6.3 Border Systems Portfolio will continue to replace legacy systems and deliver enhanced threat management capabilities over the next 5 years; including an enhanced Primary Control Point for use by front-line staff; and a Home Office and cross-Government threat system, primarily to replace the WI.

6.4 Exit checks will also be implemented in line with Ministerial expectations as to target date and scope.

7: Committee of Public Accounts conclusion:
The lack of flexibility available to deploy staff and poor morale threaten the productivity improvements required for the Border Force to meet all its duties.

Recommendation:
Senior management in the Border Force must provide the strong and stable leadership needed to provide the organisation with a clear sense of purpose and tackle those barriers which inhibit the flexible and effective deployment of its staff.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 The Director General, Chief Operating Officer, and Director of Strategy and Change have been in post for some time, providing much needed stability and a vision for the transformation of the organisation. Since 2014, two additional permanent Border Systems Portfolio Directors have also been in post providing further resilience to this business area. There has been significant improvement in the way resourcing and seasonal pressures are managed. Border Force managed increased passenger numbers during the summer of 2014 (the busiest ever) using a combination of permanent and temporary staff.

7.3 Border Force managers at every level have a new Leadership and Management requirement as part of their personal objectives, helping them to set the direction and support their people to deliver on the vision. A new, accredited training pathway for new Border Force Officers has been introduced and good progress has been made in moving all members on Border Force onto the same terms and conditions, moving away from the range of divisive legacy contracts of the past.

Thirty Second Report of Session 2013-14

HM Treasury

Whole of Government Accounts 2011-12

Summary of the Committee's findings

The Treasury published the WGA for 2011-12 in July 2013. It presents the combined financial activities of some 3,000 organisations across the public sector (an increase from the 1,500 covered last year) to produce the most comprehensive accounting picture of the public sector across the UK currently available. The WGA 2011-12 reports net expenditure for the year (the current deficit) at some £185 billion compared to £94 billion the previous year (£196 billion before taken into account one-off adjustments that occurred in 2010-11). It also reports net liabilities-the difference between the government's assets and liabilities-of £1.34 trillion compared to £1.19 trillion last year. These figures are at variance with those used by the Chancellor in the National Accounts.

Background resources

- NAO report: *Whole of Government Accounts 2011-12* - Session 2013-14 (HC 531)
- PAC report: *Whole of Government Accounts 2011-12* - Session 2013-14 (HC 667)
- Treasury Minute: February 2014 (CM 8819)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8819), 1 recommendation was implemented and the department disagreed with 1 recommendation. 4 recommendations remained work in progress, of which 2 recommendations have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
Despite some progress the public sector is not yet making sufficient use of the information in the WGA.

Recommendation:
The Treasury should set out how it will ensure that the Government makes much better use of the WGA to inform decisions, particularly in areas that involve long term liabilities, such as the costs of nuclear decommissioning, PFI and pensions.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: July 2015.

1.2 The Treasury is continuing to use WGA data to challenge departmental spending and consider the impact of policy decisions on the long-term financial position, The Treasury increasingly uses WGA as an aid to oversight of both these processes and to set and maintain standards of reporting that enable strategic risks to be identified and managed. The OBR continue to use WGA data for the fiscal sustainability report and Treasury will use WGA to inform future spending review planning.

3: Committee of Public Accounts conclusion:
The accounts need to be simpler to understand

Recommendation:
The Treasury should make the differences between the National Accounts and the WGA clearer and provide a more transparent and complete picture in presenting directly controlled expenditure.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The 2012-13 Whole of Government Accounts were published on 10 June 2014. The department included additional analysis and narrative to explain directly controlled expenditure and the differences between National Accounts and the WGA.

4: Committee of Public Accounts conclusion:
Taxpayer losses due to fraud and error are worrying high.

Recommendation:
The Treasury should develop, publish and implement an action plan setting out a co-ordinated strategy to tackle fraud and error and report cross-government figures within the WGA which can be used to show the impact of the government's counter-loss activities. This work should be clearly prioritised across Government because of the impact on the deficit

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: July 2015.

5.2 The Taskforce is working with departments to improve the prevention, identification, recovery and reporting of fraud and error losses. The taskforce has completed a review of the capacity of individual departments and their ALBs to identify and reduce fraud and error loss and developed a strategy for the use of data in this space, which will be the key component in significantly reducing the losses the current estimates suggest. The Taskforce are also implementing key performance measures for departments, focussed on reducing fraud, error and debt.

6: Committee of Public Accounts conclusion:
Poor quality data still affects the usefulness of the WGA

Recommendation:
The Treasury must, with the Department for Education, take steps to ensure bodies submit complete and accurate data for inclusion in the accounts and set out how they intend to ensure that all relevant schools are included in the WGA.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The department is working closely with the Department for Education to strengthen the financial accountability of academies and improve the quality of their data flows. Accounting officers are responsible for making arrangements with their subsidiary bodies to ensure proper governance and accountability. The Treasury has actively supported the Department for Education to deliver improvements for the 2013-14 data collection cycle and will continue to work with the Department on its consolidation of academies.

Thirty Fifth Report of Session 2013-14

Department of Health

Access to Clinical Trial Information and the Stockpiling of Tamiflu

Summary of the Committee's findings

The Department of Health spent £424 million on stockpiling Tamiflu, an antiviral medicine used in the treatment of influenza, for use in a pandemic, but had to write off £74 million of its Tamiflu stockpile as a result of poor record-keeping by the NHS. There is a lack of consensus over how well Tamiflu works, in particular whether it reduces complications and mortality. Discussions over this issue among professionals have been hampered because important information about clinical trials is routinely and legally withheld from doctors and researchers by manufacturers. This longstanding regulatory and cultural failure impacts on all of medicine, and undermines the ability of clinicians, researchers and patients to make informed decisions about which treatment is best. There are also concerns about the information made available to the National Institute for Health and Care Excellence (NICE) which assesses a medicine's clinical and cost–effectiveness for use in the NHS.

Background resources

- NAO report: *Access to clinical trial information and the stockpiling of Tamiflu* Session 2013-14 (HC 125)
- PAC report: *Access to clinical trial information and the stockpiling of Tamiflu* Session 2013-14 (HC 295)
- Treasury Minutes April 2014 (Cm 8847).

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8847), 1 recommendation was implemented and the department disagreed with 3 recommendations. 2 recommendations remained work in progress, of which 1 has now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
NICE and the MHRA do not routinely share information provided by manufacturers during the process for licensing medicines.

Recommendation:
NICE should ensure that it obtains full methods and results on all trials for all treatments which it reviews, including clinical study reports where necessary; make all this information available to the medical and academic community for independent scrutiny; and routinely audit the completeness of this information. NICE and the MHRA should put in place a formal information sharing agreement to ensure when NICE appraises medicines it has access to all of the information provided to regulators by the manufacturer during the licensing process.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 When applying for marketing authorisation of a new medicine, a company is legally required to provide the relevant regulator with the results of all clinical trials relevant to the evaluation of the product concerned.

3.3 Following consultation with stakeholders in 2014, NICE has revised its technology appraisal process guidance in order to require the medical director of the manufacturer or sponsor of the technology under appraisal to confirm that all the data necessary to the appraisal, within the Company's possession, custody, or control in the UK or elsewhere, has been disclosed to NICE or its

authorised agents. The changes also include a requirement on companies to consent to NICE being provided directly by the relevant regulatory authorities all data necessary to the appraisal, where the company is unable or unwilling to submit this directly to NICE in a timely matter. The updated NICE technology appraisal process guide[25] was published in September 2014.

4: Committee of Public Accounts conclusion:
The case for stockpiling antiviral medicines at the current levels is based in judgement rather than evidence of their effectiveness during an influenza pandemic.

Recommendation:
Once the Cochrane Collaboration has completed its review of Tamiflu using all clinical study report information, the department, MHRA and NICE should consider whether it is necessary to revisit previous judgements about the efficacy of Tamiflu.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: November 2015.

4.2 Following the publication of the Cochrane Collaboration's review, NICE confirmed it would reconsider the case for reviewing its current guidance on the use of Tamiflu. NICE guidance covers the use of antivirals in the context of seasonal flu. It does not cover the use of Tamiflu in a pandemic, impending pandemic, or a widespread epidemic of a new strain of influenza to which there is little or no community resistance.

4.3 NICE consulted with stakeholders in June 2014 as to whether it should review its guidance. Following the consultation, NICE concluded that it does not need to review its guidance on Tamiflu. Its findings were published in November 2014.[26]

4.4 The department's future pandemic stockpile decisions will continue to take account of the latest scientific evidence, including the conclusions of an independent science colloquium which was hosted on 24 February 2015 by the Wellcome Trust and the Academy of Medical Sciences. The appropriate expert representation was invited to allow for a variety of opposing views as well as an international perspective.

[25] https://www.nice.org.uk/article/pmg19
[26] http://www.nice.org.uk/guidance/ta168/documents/influenza-zanamivir-amantadine-and-oseltamivir-review-review-decision-november-2014

Thirty Sixth Report of Session 2013-14

HM Treasury and Cabinet Office

Confidentiality clauses and special severance payments

Summary of the Committee's findings

It is not uncommon for public and private sector bodies to use compromise (or settlement) agreements to terminate an employment contract and there is usually an associated special severance payment. Departments and their arm's-length bodies must seek the Treasury's approval in advance of making a special severance payment. According to Treasury's data, in the three years to March 2013, the Treasury approved 1,053 special severance payments totalling £28.4 million. But the true number and value of payments across the public sector is unknown and likely to be higher as the Treasury does not approve payments by, for example, local government, the police, the BBC, and private sector providers of public services.

Background resources

- NAO report: Confidentiality clauses and special severance payments - Session 2013-14 (HC 130)
- NAO report: Confidentiality clauses and special severance payments - Session 2013-14 (HC 684)
- PAC report: Confidentiality clauses and special severance payments - Session 2013-14 (HC 477)
- Treasury Minute: April 2014 (Cm 8847)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 8847), 2 recommendations were implemented. 5 recommendations remained work in progress, all of which have now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
There has been a worrying lack of proper accountability and oversight around the use of compromise agreements and special severance payments by the public sector.

Recommendation:
The Cabinet Office should issue guidance on the appropriate use of compromise agreements and special severance payments, the governance arrangements that should be in place to approve them, and who is accountable for their use.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Cabinet Office has issued guidance for use by all Civil Service departments. The guidance explains the principles to be followed when considering the use of settlement agreements when terminating employment. It aligns with both the Treasury's guidance in Managing Public Money and the ACAS[27] Code of Practice on Settlement Agreements. It establishes principles of strong governance, value for money, transparency and effective monitoring of sensitive cases and cross government expenditure.

3.3 Accounting Officers are accountable for ensuring that any special severance payment demonstrates value for money and that expenditure is used efficiently, economically and effectively. It is also their responsibility to ensure that prior Treasury approval is obtained in all cases.

[27] The Advisory, Conciliation and Arbitration Service

4: Committee of Public Accounts conclusion:
Confidentiality clauses have been used in compromise agreements to cover up failure.

Recommendation:
In its revised guidance, the Cabinet Office should explicitly require public sector organisations to secure approval from the Cabinet Office for all special severance payments and associated compromise agreements where they relate to cases of whistleblowing; set out standard terms and conditions to be used in compromise agreements, including a provision in all compromise agreements stating that nothing within the agreement shall prejudice employees' rights under the Public Interest Disclosure Act; and require public sector organisations to secure approval from the Cabinet Office before departing from these standard terms.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Cabinet Office has now issued guidance for use by all Civil Service departments. This guidance makes it clear that confidentiality clauses should not seek to stifle or discourage any obligation the employee may have to raise concerns with a regulatory or other statutory body about wrongdoing or poor practice in their department. Nor should settlement agreements be used to terminate a person's employment because they have made a protected disclosure under the Employment Rights Act 1996 (whistle blowing). Departments are required to report to the Cabinet Office any special severance payment made in connection with the termination of employment. The guidance includes standard wording on confidentiality clauses making it clear that no provision in the agreement or undertaking can prevent the individual from making a protected disclosure.

4.3 From 1 February 2015, departments must seek the prior approval of their Minister and the Minister for the Cabinet Office for the use of any confidentiality clause that deviates, in respect of whistle blowing or protected disclosures, from the standard wording.

5: Committee of Public Accounts conclusion:
No one, either within departments or across Government, has taken any responsibility for monitoring trends that might provide an early warning of service failure or for learning lessons across Government.

Recommendations:
The Cabinet Office guidance should set out how lessons are going to be learnt across Government to prevent reoccurrence where a failure of process has occurred within an organisation.

5.1 The Government agreed with the Committee's recommendation. However, it is more appropriate for those departments that have responsibility for wider public sector bodies to monitor activity in their areas.

Recommendation implemented.

5.2 The Cabinet Office will monitor the use of special severance payments made on termination of employment across the Civil Service, and will publish this Civil Service-wide data on an annual basis. The Cabinet Office will analyse data on payments made quarterly, enabling further investigation to take place if there are any patterns of concern.

Recommendation:
The Treasury should be responsible for monitoring activity across the wider public sector, and for defining what action will be taken where significant patterns or trends are identified.

Recommendation implemented.

5.3 It is more appropriate for those departments that have responsibility for wider public sector bodies to monitor activity in their areas in line with the Cabinet Office approach and guidance. Following the issue of new Cabinet Office guidance, the Treasury has written to those departments to establish what their approach will be and report back to the Committee in writing.

8: Committee of Public Accounts conclusion:
The Treasury informs the Committee of its proposals to 'encourage' wider public sector bodies to comply with the guidance will be effective in controlling the use of compromise agreements across the public sector.

Recommendations:
The Treasury should write to the Committee setting out what steps it will take to ensure wider public sector adoption of the guidance, including full consideration of making compliance a condition of funding.

8.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

8.2 The Treasury wrote to relevant departments following the issue of the Cabinet Office guidance on Settlement Agreements, Special Severance Payments and Confidentiality Clauses on Termination of Employment asking them to confirm what action they will take to encourage similar action in the wider public sector, confirming that the Committee expects full compliance and appropriate monitoring to be put in place. The Treasury will report back to the Committee in writing and, depending on the departmental responses, consider whether further action needs to be taken.

9: Committee of Public Accounts conclusion:
With the increasing role of private sector providers delivering services on behalf of the Government, it is important that the Committee can follow the taxpayer's pound and have confidence that employees feel able to raise matters of public interest.

Recommendations:
The Treasury should make clear what it expects from private sector employers when they enter into contracts to deliver publically funded services. This should include the expectation that staff working for private sector contractors are encouraged to raise matters of public interest, ensuring whistleblowing policies include the option to raise issues directly with government, and public reporting requirements such as the requirement to disclose special severance payments related to public services. Effective safeguards should be introduced ensuring that the employees of private sector.

9.1 The Government has considered the Committee's recommendation further, following the publication of the Committee's 47th report. The Government is committed to promoting transparency in public services.

Recommendation implemented.

9.2 As reported in the Committee's 47th Report, public services carried out by third party providers should be performed to the same standards of integrity, honesty and fairness as those performed by the public sector. To this end, it is for departments to be clear about their expectations of suppliers when entering into contractual arrangements and in ongoing supplier relationship discussions. It is important that Government strikes the right balance between ensuring these standards of behaviour and not seeking to micro-manage the way in which services are delivered by different providers or the entirety of a supplier's operations. The Government is not persuaded of the need for additional guidance at this stage, but will keep this under review in the light of work currently being undertaken by the Committee on Standards in Public Life.

9.3 With regard to ensuring that the employees of private sector providers of public services feel protected when raising matters of public interest, the relevant legislation is already specific (Section 43(j) of the Employment Rights Act says that any provision in an agreement is void in so far as it purports to preclude the worker from making a protected disclosure). The Department for Business, Innovation and Skills has reviewed the whistleblowing framework and expects to publish strengthened guidance on this issue in spring 2015.

Thirty Seventh Report of Session 2013-14

Department for Business, Innovation and Skills / Foreign and Commonwealth Office

Supporting UK Exporters Overseas

Summary of the Committee's findings

In March 2011, the Government published its Plan for Growth. This set out its strategy to encourage economic growth and included a focus on increasing investment and exports. In 2012, the Chancellor set a very challenging ambition of doubling UK exports to £1 trillion a year by 2020. Achieving this ambition will depend on, at least, maintaining the current market share in advanced markets and securing greater exports to new, faster-growing emerging markets.

In 2012-13, UK Trade and Investment (UKTI) and the Foreign and Commonwealth Office (FCO) spent £420 million on promoting UK economic growth through supporting UK businesses overseas. In general terms, the FCO tries to create the conditions overseas for growth, and UKTI works directly with UK businesses to help them make the most of these market conditions. The FCO estimates that 1,000 of its 14,000 staff spend at least a quarter of their time promoting economic growth, across its international network of 270 embassies, high commissions and consulates. UKTI is a non-ministerial department of both the Department for Business, Innovation and Skills (BIS) and the FCO and nearly 1,000 UKTI staff in 160 international locations work on export-related activities.

Background resources

- NAO report: Supporting UK exporters overseas – Session 2013-14 (HC 732)
- PAC report: Supporting UK exporters overseas – Session 2013-14 (HC 709)
- Treasury Minute: April 2014 (Cm 8847)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CM 8847), 2 recommendations were implemented. 4 recommendations remained work in progress, all of which have now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
From 2000 to 2012, the annual value of UK exports nearly doubled. During the same period, the annual value of exports globally nearly trebled

Recommendation:
UKTI and FCO need to understand the reasons behind these stronger overall export growth rates of other countries and use this research to inform their future planning to close the gap.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The departments (UKTI, FCO and BIS) have analysed UK export performance compared to our main competitors. Exporters in all countries have faced increasing competitive pressures from emerging economies, weak global demand and tough credit conditions. The UK's recent weaker export performance has been in part due to short term factors - exports of "erratics" (fuels, precious metals, precious stones and aircraft) have not been as strong as in the past - and because weak global demand, particularly from the Eurozone and US, has disproportionately affected those sectors in which the UK has a comparative advantage, for example financial services.

3.3 The departments will continue to build on success in established markets as well as seeking out new ones, focussing on high growth, innovative sectors in which the UK has a comparative advantage and supply chain opportunities across a broad range of sectors to maximise the potential for UK export success. The departments are also promoting structural economic reforms, tackling market access barriers, and working to secure and exploit EU Free Trade Agreements. Since around half UK goods exports are invoiced in foreign currency, the appreciation of sterling, since 2013, is likely to have reduced the total recorded value of UK exports before any effect on competition has been taken into account.

4: Committee of Public Accounts conclusion:
UK export performance is currently not on-track to meet the Chancellor's ambition to double the value of exports to £1 trillion a year by 2020.

Recommendation:
UKTI and FCO need a defined joint 'roadmap' to support the £1 trillion annual exports by 2020, particularly focusing on what FCO and UKTI need to do to help UK businesses maximise export opportunities to emerging markets, as well as maintaining, at least, export levels to advanced markets.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 2020 Export Drive[28] sets out how the departments intend to make a step change in the UK's export performance through a cross-Government, coordinated effort. The departments will drive a step change in the volume and value of UK exports by focusing on high growth sectors, countries and high value opportunities; supporting structural economic reforms and tackling market access barriers internationally; influencing through the EU and internationally to secure and exploit free trade agreements to benefit UK plc; and leading negotiations and trade missions to open up new markets and opportunities for UK business.

4.3 Additionally, the departments will drive a step change by inspiring, encouraging and supporting small and medium-sized businesses to take their first export steps, or to explore new markets, working together with private sector partners; ensuring that UKEF is competitive with its overseas counterparts and agile and responsive to the needs of UK exporters; and promoting positive perceptions of the UK and British products and services internationally, through the GREAT Britain campaign.

4.4 The step change will also shape the UK domestic market through our Industrial Strategy to provide the right conditions for export growth now and in the long term; maintain the UK as a competitive location for investment, with a focus on attracting investors with export potential; and capitalise on unique world events such as Milan Expo and the Commonwealth Games to achieve global recognition for UK goods and services.

5: Committee of Public Accounts conclusion:
UKTI and FCO have not always worked together effectively to promote export growth.

Recommendation:
The proposed joint strategy between UKTI, FCO and BIS on exports, and the new joint country plans will need to be clear on roles and responsibilities, set out how the organisations will work together, and provide a single action plan for promoting UK exports centrally and at overseas locations.

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

[28] https://www.gov.uk/government/publications/2020-export-drive

5.2 2020 Export Drive sets out how the departments intend to make a step change in the UK's performance on exports. This is both the roadmap to the trillion and achieves our shared vision for a joint strategy and joint planning to boost exports significantly. The departments have already made progress, including launching a joint UKTI / FCO Prosperity planning process in September 2014, bringing together UKTI and Prosperity resources into one coherent business plan in market. The CEO of UKTI is responsible for the co-ordination of the 2020 Export Drive work across Government and the Permanent Secretary of BIS, the Permanent Under-Secretary of FCO and the Chief Executive Officer of UKTI are jointly accountable for associated activities. The 2020 Export Drive is being led by the Minister for Trade and Investment, working closely with the Cabinet Secretary.

5.3 The departments are implementing a coherent approach across Government to ensure they are greater than the sum of their parts. Each Government Department is developing its own export strategy to deliver specific activities - whether through engagement with industry, policy influencing, or tackling structural economic reforms and market access barriers – and has assigned a champion to oversee success.

8: Committee of Public Accounts conclusion:
The actions of other departments, such as the Home Office to secure UK borders, can lead to tensions with the UKTI and FCO's work to promote UK exports.

Recommendation:
UKTI and FCO need to identify the key problems which business travellers face in obtaining UK visas and the impacts on export opportunities. They should work with the Home Office to minimise barriers while maintaining UK border security.

8.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

8.2 UK Visas and Immigration (UKVI) have now rolled out the 3-5 day visa priority services in more than 100 countries, going further than originally planned. The Prime Minister also announced on 13 November that UKVI will roll out a 24-hour visa turnaround service to New York, Paris, Abu Dhabi, Manila, Istanbul, Bangkok and Pretoria, by April 2015.

8.3 FCO and UKTI, as well as other departments such as BIS and DCMS, have continued to share feedback with the Home Office on the experiences that businesses, entrepreneurs and investors have had with the visa system. This activity is actively informing UK Visas and Immigration's approach to service improvement, and is directly addressing two of the most commonly raised areas of feedback: processing times and simplification of guidance. For example, bespoke marketing material has been developed for use in key markets, aimed at providing information in a format that is easy to digest.

Thirty Eighth Report of Session 2013-14

Department for Business, Innovation and skills

Improving access to finance for small and medium–sized enterprises

Summary of the Committee's findings

The Department for Business, Innovation and Skills manages 6 main schemes that are intended to provide around £2.85 billion of financial support for SMEs between 2011-12 and 2014-15. In 2012-13, these schemes helped just over 5,900 firms. In addition, the Treasury and the Bank of England jointly oversee the Funding for Lending scheme, under which banks and other lenders have been provided with £17.6 billion at cheaper than market rates, with the intention that they will lend this on to businesses and households. The new British Business Bank, which will start operating in 2014, has £1 billion of capital at its disposal in addition to the resources of the existing department-led schemes, and is designed to better identify and fill gaps in the market for financing SMEs.

Background resources

- NAO report: Improving access to finance for small and medium-sized enterprises - Session 2013-14 (HC 734)
- PAC report: Improving access to finance for small and medium–sized enterprises - Session 2013–14 (HC 775)
- Treasury Minute: April 2014 (Cm 8847)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8847), 5 recommendations remained work in progress, all of which have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The departments' schemes are managed as a series of ad hoc initiatives that are launched to address particular weaknesses in the market, rather than to act as a coherent programme.

Recommendation:
The departments should use the establishment of the British Business Bank to start managing the various schemes as a coherent programme, clearly setting out what it wants to achieve, and how each scheme and the programme as a whole will contribute towards the departments' overall objectives for making it easier for SMEs to access finance.

2.1 The Government disagrees with the Committee's description of its approach, but agrees with the Committee's recommendation.

Recommendation implemented.

2.2 The British Business Bank (BBB) became operationally independent on 1 November 2014. BBB has an overarching goal to change the structure of finance markets for smaller businesses, so that these markets work more effectively and dynamically. This will help these businesses to prosper and build economic activity in the UK.

2.3 BBB now manages all existing Government supported national access to finance schemes for small businesses (with the exception of export finance, grant programmes and Funding for Lending), and the Bank has also taken on all investments and funding commitments made for future investments under these programmes. Together, the mix of BBB programmes are designed to help smaller business access the full range of finance options required, as they seek to grow. The programmes also focus on areas where the markets don't work well and where the department can catalyse greater competition and diversity in finance provision.

2.4 A Business Bank Board and Senior Management Team has been appointed to ensure effective management of these programmes together and to advise on key issues around strategy, product development, finance, and risk management. The Bank's strategic plan was published in June 2014.

3: Committee of Public Accounts conclusion:
The Government spends a considerable amount of taxpayer funded money promoting better access to finance for SMEs but the departments could not demonstrate that their schemes have successfully addressed the market failures they were designed to correct. Indeed far from encouraging more lending to SMEs, investment has declined.

Recommendation:
When the departments establish a scheme to address a particular market failure, they should set out clearly both what a successful impact on the market will look like and how they intend to evaluate its success.

3.1 The Government disagrees with the Committee's description of its approach, but agrees with the Committee's recommendation.

Recommendation implemented.

3.2 BBB has committed significant resource to better understanding the specific market failures affecting smaller businesses in accessing finance and in monitoring the impact that programmes have in addressing them. BBB has an ongoing programme of work in place to assess where there are gaps in the market which includes market studies, policy evaluations, data development and longer term research. The recent publication 'Small Business Finance Markets 2014' provides an overview of this work and the Bank's initial Strategy document published in June 2014 describes how the bank intends to address such failures.

3.3 All of BBB's major programmes have their own unique monitoring and evaluation plan which helps to assess performance, and in particular the effectiveness of schemes against stated objectives. The nature and timing of evaluations are product specific, but will broadly comprise of an early assessment (after around 1 year), and interim evaluation (after between 3-4 years) and a final evaluation (after 5-7 years). Forthcoming evaluations to be published in 2015 include trade credit, start-up loans pilot and equity schemes. A good example of where evaluation evidence has fed into the policy cycle is the trade credit aspect of EFG, which on the basis of evaluation findings, will no longer be funded.

4: Committee of Public Accounts conclusion:
There is scope for the departments to better match the nature of their interventions with the specific needs of SMEs.

Recommendation:
The departments must ensure that the British Business Bank draws upon emerging evidence of SMEs' changing financing needs, and tailors its interventions accordingly, implementing, refining or withdrawing schemes as circumstances change.

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 BBB has committed significant resource to understanding finance markets for smaller businesses and in ensuring that this feeds in to policy development.

4.3 In December 2014, BBB published its first comprehensive analysis of finance markets for smaller business *Small Business Finance Markets 2014*. This report draws on brand new research commissioned by BBB as well as wide range of other data sources and provides insight in to the latest market developments and the characteristics of different sub-markets, such as financial technologies and alternative forms of finance. This report, and future such BBB research

projects/publications will be key to helping the BBB define our priority areas going forward and in informing our future strategy and business plan.

4.4 BBB can already demonstrate a capability in designing new products to respond to market conditions. For example, from the spring, the Enable Guarantee programme will encourage financial institutions to increase lending to SMEs by providing a guarantee on lending portfolios. During 2015, BBB will begin to roll out the recently launched Enable Funding Programme, which is designed to improve the provision of asset and lease finance to smaller businesses seeking to invest in new equipment to help them grow. In addition, on the basis of evaluation findings, the trade credit aspect of the EFG will no longer be funded.

5 Committee of Public Accounts conclusion:
BIS has not done enough to ensure that SMEs have access to information on the potential range of financing options available to them.

Recommendation:
The departments must establish a clear strategy to ensure that SMEs are made aware of appropriate funding options for their needs, both through government information and through advice from lenders and others. The departments should use their influence with the mainstream banking sector and across Whitehall to ensure high street banks understand the needs of their local businesses in order to encourage lending.

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

5.2 BBB has a strategic objective to "help ensure better provision of information in the market connecting smaller businesses and finance providers." Initially, this KPI will be measured by survey evidence but BBB is developing a richer set of measures.

5.3 Initial work in this area has included the publication of the Business Finance Guide jointly with the ICAEW in July 2014. 100,000 copies have been distributed and the link circulated to over 600,000 businesses on the HMRC database. The Guide is also distributed by mainstream Banks. Government has also made information available through *GREATbusiness* and Gov.uk and the *My Business* support tool.

5.4 Provisions in the Small Business, Enterprise and Employment Bill require all major banks to refer declined SME borrowers (who agree) to alternative lenders.

5.5 The Government has encouraged the banking sector to continue its work to provide better information and support to businesses. This programme has three core themes:

- Improving customer relationships by providing mentoring support and information on available help and finance, and information about the banks' lending appeals processes. An online finance and account finder is available.[29] *Mentorsme* has reached over 200,000 businesses.

- Improving access to finance, including creating new finance options like the Business Growth Fund, and building strategic partnerships with finance organisations such as Business Angels, and CDFIs; and collaborating with government on new export schemes.

- Improving transparency, which includes explaining bank processes and improving service delivery, outreach events and specific sector support for key industries such as automotive, creative, agriculture and manufacturing.

[29] www.betterbusinessfinance.co.uk/finance

6: Committee of Public Accounts conclusion:
For some of the schemes, the amount of funding reaching UK SMEs is either unknown by the departments or appears lower than the Committee would have expected.

Recommendation:
The departments must gather and publish data about how much financial support is reaching SMEs, and how much is diverted to other recipients or used to run the schemes.

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

6.2 BBB regularly gathers and publishes data about how much financial support is reaching SME's. Every quarter the Bank publishes the latest financial data relating to its programmes which includes both the stock and flow of lending and investment that it is providing in support of small businesses.

6.3 In addition, BBB is due to publish its first Annual Report in Q3 2015, which will include a detailed set of financial accounts containing key finance and performance information relating to the Bank and its programmes. The financial statements will comply with IFRS and will also be consistent with the PAC recommendations that BBB publish information regarding the amount of finance reaching SME's from its programmes. Where the data is available, the BBB will also publish information relating to the cost of running Business Bank programmes.

Thirty Ninth Report of Session 2013-14

HM Treasury

Sovereign Grant

Summary of the Committee's findings

On 1 April 2012, the Sovereign Grant (the Grant) replaced the Civil List and the three Grants-in-Aid. The purpose of the Grant is to provide resources for the Household to support The Queen's programme of official duties. The Grant covers the staffing costs of the Household, maintaining the Royal palaces, and the costs of Royal travel. The Treasury is responsible for monitoring whether the Household uses the Grant in accordance with a Framework Agreement between the Treasury and the Household. The Grant was £31 million in 2012-13 and is set to rise to £36.1 million in 2013-14 and to £37.9 million in 2014-15. In 2015-16, the Royal Trustees will carry out their first review of the funding formula for the Grant.

Background resources

- NAO report: *Royal Household: Sovereign Grant* - Session 2013-14 (HC 722)
- PAC report: *Sovereign Grant* - Session 2013-14 (HC 665)
- Treasury Minute: April 2014 (Cm 8847)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8847), recommendation 4 was implemented and the department disagreed with recommendations 2 and 3. Two recommendations remained work in progress, all of which have now been implemented, as set out below.

5: Committee of Public Accounts conclusion:
The Household needs to do more to safeguard nationally important heritage properties.

Recommendation:
The Household should make swift progress on updating its property maintenance plan, including an estimate of the cost of repairs needed to bring the estate back to target condition, and clear prioritisation of the work required.

5.1 The Government and Royal Household agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Royal Household completed a full update of the property condition assessment survey in December 2013. The results of the survey have been evaluated and a 10-year property maintenance plan is substantially complete at 31 December 2014. The plan distinguishes between expenditure required to maintain the Estate in a steady state and comply with statutory obligations, and expenditure required to address works that are included in the maintenance backlog. The prioritisation of works in the plan and the estimate of the backlog in maintenance i.e. the cost of repairs to bring the estate back to target condition will be reviewed by the Royal Household's Audit Committee and the Lord Chamberlain's Committee by March 2015.

6: Committee of Public Accounts conclusion:
The Household has left its Reserve Fund at a historically low level of only £1 million.

Recommendation:
The Household should rebuild a sufficient level of contingency in its Reserve Fund to cover unforeseen demands on The Queen's programme.

6.1 The Government and Royal Household agree with the Committee's recommendation.

Recommendation implemented.

6.2 In accordance with the target agreed with the Treasury, the Royal Household is forecasting a Sovereign Grant Reserve of at least £1.9million at 31 March 2015, which is equivalent to 5% of the Sovereign Grant for 2014-15.

Forty Third Report of Session 2013-14

Department of Energy and Climate Change

Progress at Sellafield

Summary of the Committee's findings

Sellafield is the largest and most hazardous of the nuclear sites owned by the Authority. Sellafield Limited is the licensed operator of the site and manages the site under a contract with the Authority, which reimburses its costs of around £1.6 billion a year. In 2008, the Authority appointed NMP, a consortium of private sector companies, as the 'parent body organisation' (PBO) of Sellafield Limited to improve performance using its expertise. NMP receives fees earned by Sellafield Limited for improved performance in the form of dividends, receiving some £50 million in 2011-12, totalling £230 million over the 5 years of the initial contract. A report from consultants KMPG commissioned by the Authority in 2013 was very critical of key features of NMP's performance over the initial contract term. Despite these criticisms, the Authority announced in October 2013 that it had decided to extend its contract with NMP for a further five years.

Background resources

- NAO report: Managing risk reduction at Sellafield – Session 2012-13 (HC 630)
- NAO report: Assurance of reported savings at Sellafield – Session 2013-14 (HC 778)
- PAC report: *NDA: Managing risk at Sellafield* - Session 2012-13 (HC 746)
- PAC report: *Progress at Sellafield* - Session 2013-14 (HC 708)
- Treasury Minute: April 2014 (Cm 8847)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8847), 1 recommendation had been implemented. 5 recommendations remained work in progress, of which 2 have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The Authority has extended its contract with NMP despite the company's poor performance at Sellafield.

Recommendation:
The Authority should set out how, and when, it will review what progress NMP is making in improving performance at the site. The NAO should review the Authority's approach and report back to the Committee on performance at Sellafield one year into the extended contract.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: October 2015.

2.2 April 2014 was a reset point for the contract and performance plan and allowed the forward plan to be updated taking into consideration recent delivery performance and changes in scope. The Authority measured performance during 2014-15 through the use of success criteria with ranges of acceptability and a reduced number of payment milestones (62). This has provided greater focus and the Authority noted improvements in performance.

2.3 The department welcomes the proposal that the NAO should review the Authority's approach and report on performance at Sellafield by October 2015.

3: Committee of Public Accounts conclusion:
NMP has not provided the leadership and strong contract management skills that are critical for the success of the major projects at Sellafield and the running of such a large and complicated site.

Recommendation:
The Authority should monitor, and challenge where appropriate, the use made of NMP-appointed executives and experts and the terms on which they are employed. NMP should publicly report its costs, progress and the value it has brought to the site.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: July 2015.

3.2 Revised contractual arrangements have been put in place for the second contract term. Under these arrangements Sellafield Ltd Executive Payments have been reviewed against relevant benchmarks. The Executive remuneration and Reachback costs will be the subject of an annual review by the Authority.

3.3 In September 2014, Sellafield Ltd undertook an internal audit follow up review of Reachback and concluded that significant progress had been made in the development and implementation of process improvements since the original review in November 2013. Further process improvements were implemented during January 2015.

3.4 The Authority is considering how best to publicly report NMP costs and progress, and the value it has brought to the site, beyond that which is already reported in the annual reports and accounts of the Authority and Sellafield Ltd.

4: Committee of Public Accounts conclusion:
The Authority has not demonstrated why, given the lack of risk transferred to NMP, this 'parent body' arrangement at Sellafield provides value for money.

Recommendation:
The Authority should set out how it might transfer more of the delivery risk to contractors under its existing arrangements and how it will ensure that its alternative arrangements are viable to enable it to terminate the current contract should performance continue to prove unsatisfactory.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2015.

4.2 Performance Plan 14 was accepted by the Authority in December 2014 and provides the basis for a comprehensive review of procurement and contracting at Sellafield. This review will be performed during 2015.

4.3 The Secretary of State for Energy and Climate Change announced in Parliament, in January 2015, his endorsement of the Authority's recommendation to move away from the current PBO arrangements and introduce an alternative model to harness the expertise of the supply chain in delivering the mission at Sellafield. After a thorough review of options, the Authority concluded that simplifying the relationship between the Authority and Sellafield Ltd will bring greater clarity and focus on achieving progress and value for money. In accordance with the contract provisions the commercial agreement with NMP will be terminated and ownership of Sellafield Ltd will revert to the Authority.

4.4 Under the new arrangements the private sector becomes a supplier to Sellafield Ltd rather than a parent and the primary commercial interface with the private sector, which previously sat between the Authority and Sellafield Ltd, will in future sit between Sellafield Ltd and the supply chain. Key programmes of work will therefore continue to be competitively let to the private sector in more tightly defined packages.

5: Committee of Public Accounts conclusion:
It is not clear whether there are adequate safeguards to protect taxpayers' interests in the contractual relationships between the private companies involved in managing and operating the Sellafield site

Recommendation:
The Authority, Sellafield Limited and NMP should report publicly on the safeguards in place to protect taxpayers' interests and manage potential conflicts of interest in transactions between each party, their operation and their roles in securing value for money for public funds.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Authority has published on its website[30], a summary of the additional safeguards in place when work is let to companies affiliated to NMP. This outlines current arrangements at Sellafield Ltd including conducting contracting activities in line with the EU Directives and Public Contract Regulations. During the second contract period, the Authority is scheduled to undertake an assurance review of Sellafield Ltd.'s procedures for managing Source Evaluations Boards and Conflicts of Interest.

6: Committee of Public Accounts conclusion:
The Authority unduly restricted the information it made available to the public on performance at Sellafield

Recommendation:
The Authority should revisit its approach to disclosing information to ensure that it does not use grounds such as commercial confidentiality inappropriately to withhold information on performance on its sites and by its contractors.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Authority remains committed to transparency and engagement both within Government and with public stakeholders. However, it recognises that there will be circumstances, as defined in the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, where it would not be appropriate to make all information publically available.

6.3 A comprehensive audit of the Authority's Freedom of Information process was undertaken and concluded that the Authority does not overuse redaction. Improvements have been made to ensure that the decision to redact information, and the application of the public interest test, is now always carried out through the Authority's Information Access Manager, supported by the Authority's Head of Information Governance and the SIRO (Senior Information Risk Owner). This follows an auditable process that records the rationale and approval to make redactions. The Authority has also provided training to staff regarding the use of exemptions and strengthened arrangements to provide support and advice to staff on an ongoing basis.

[30] http://www.nda.gov.uk/publication/contracting-safeguards-at-sellafield-companies-affiliated-with-nmp/

Forty Fourth Report of Session 2013-14

Department for Business Innovation and Skills

Student Loan repayments

Summary of the Committee's findings

The Government introduced student loans in 1990. The department is responsible for the overall system of collecting repayments, which is operated by the Student Loans Company (SLC) and HM Revenue and Customs (HMRC). In 2012-13, the SLC and HMRC spent £27 million operating their systems for collecting £1.4 billion of repayments, the majority of which are collected through HMRC's tax systems. The student loan book is a substantial public asset, and the department estimates that the value of outstanding loans will increase from £46 billion in 2013 to £200 billion by 2042 (in 2013 prices). The department therefore needs to understand which loans are due for repayment and what the outstanding loans are worth, and ensure that it collects all those payments due

Background resources

- NAO report: Student Loan Repayments – Session 2013-14 (HC818)
- PAC report: Student Loan Repayments – Session 2013-14 (HC886)
- Treasury Minute: April 2014 (CM 8847)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CM 8847), and currently, 5 recommendations remain work in progress, as set out below.

2: Committee of Public Accounts conclusion:
Since student loans were introduced in 1990, there has been no reliable model for forecasting how much will be repaid to the Exchequer.

Recommendation:
The department must publish clear and easily-understood annual forecasts of what it expects to collect in the year ahead, and explain why any subsequent variances between forecasts and the amounts actually collected. It must also invest in improving its forecasting capability so that action can be taken to reduce the ever-growing write-off figures.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2015.

2.2 The department is developing a table setting out annual forecast repayments and out-turn, using the most recent modelling data and financial information from SLC. This data will be published on the department's website in Summer 2015.

2.3 The department has, since April 2013, invested additional resources to improve the model used to forecast repayments. It has now been fully updated and its forecasts revised. NAO has reviewed and commented on the model. The revised model has been used to value the loan book in the Departments' 2013-14 accounts and to generate a forecast of repayments for 2015-16.

3: Committee of Public Accounts conclusion:
The Committee was reassured by the Permanent Secretary's statement that any sale of the student loan book "has to represent value for money for the taxpayer".

Recommendation:
The baseline valuation for the sale needs to be determined in advance. The department must demonstrate that it has a robust understanding of: the realistic value of the student loan book; the long-term cost to the taxpayer of any early sale; and the expected level of competition between bidders and what they might pay for the loan book.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: March 2016.

3.2 As announced by the Chancellor, in the December 2013 Autumn Statement, the Government intends to realise value for the taxpayer through sales from the pre-2012 income contingent loan book in a series of tranches, over a number of years. Significant work had been undertaken to ensure that the sale represents value for money, although there are no plans to conduct a sale during the current Parliament. By 2015, there will be more robust data to enable Government and potential purchasers to value accurately the loan book.

4: Committee of Public Accounts conclusion:
The approach to collecting debt lacks rigour. The department and the SLC need to improve the collection of loan repayments.

Recommendation:
The department should set, and report against, more stretching and meaningful targets for debt expected to be collected, and for measuring the SLC's performance in specific key areas. This will improve transparency and accountability. It should develop a strategy and targets for collecting overdue debt more quickly from all categories including borrowers living overseas.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2015.

4.2 The department is reviewing and revising SLC's targets as part of the annual process of setting in the Company's Annual Performance and Resource Agreement (APRA). New targets will be set to improve collections from overseas borrowers and to prioritise work, including by targeting loans on the basis of an analysis of their age and value. SLC has been developing Management Information so that it can report against these new targets. The department will continue to review how best to improve the collection of loans and this may involve new targets in the future. The department is working with HMRC, SLC and the Devolved Administrations in developing a Joint Repayment Strategy, which will be published in July 2015.

4.3 The department has worked with SLC and HMRC, prompting them to systematically review their collection processes and to identify further opportunities to increase recovery of money owed. BIS, SLC and HMRC have built on these reviews, developing a programme of work to drive the improvements set out in a Joint Repayment Plan.

5: Committee of Public Accounts conclusion:
Opportunities to share data with other public bodies to track down borrowers have not been exploited by the department and the SLC.

Recommendation:
The department and SLC should work with other Government departments to develop a strategy for sharing data to gain more information on borrowers' whereabouts and earnings and to help identify previously undetected fraud.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2015.

5.2 The department is working with the Department for Work and Pensions on a pilot data sharing project. It was due to commence in April 2014, but has been delayed to February 2015. The project will help identify whether individual borrowers are in receipt of benefits (those not earning above the relevant earnings threshold) or are deceased. The department is also engaging with the Department of Health and the UK Visas and Immigration (previously UKBA) to explore whether additional data on borrowers could be provided. Further, the department has initiated discussions with other EU Member States to explore whether data on borrowers moving between EU countries could be shared and a

pilot is starting with two Member States to test the cost-effectiveness of a data sharing exercise to locate borrowers in arrears in each other's countries.

5.3 SLC participates in the UK's Fraud Prevention Service; BIS worked with SLC to provide information to the Cabinet Office open consultation on data sharing, with a view to establishing a more systematic basis for data exchange across government on debt and fraud to inform policy options. BIS and SLC continue to work with the Cabinet Office on the development of the Debt Market Integrator.

6: Committee of Public Accounts conclusion:
The quality of customer service provided to students has improved, but significant difficulties remain.

Recommendation:
The SLC must deliver on its promises to improve its online services to borrowers and to stop using premium-rate phone lines in the new financial year.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 All 0845 telephone numbers have now been changed to 0300, effective 1 April 2014 in order to reduce the cost of calls to customers.

6.3 In January 2014, SLC conducted an online statement pilot providing 6,000 customers the facility to view their repayment information online. Approval has been given for further development and roll-out, incorporating customer feedback from the initial pilot and a wider solution is now being developed to roll this out to the remaining customer base. SLC's new online application service for academic year 2014-15 full-time applicants has been delivered to replace the previous complicated process, with a substantial and growing reduction in the number of calls for help being received. The department and the Devolved Administrations are investing up to £139 million in the SLC's Transformation Programme, and work has now commenced to replace outdated technology and fundamentally improve how SLC delivers better products and services to its customers.

Forty Sixth Report of Session 2013-14

Department of Health

Emergency admissions – managing the demand

Summary of the Committee's findings

In 2012-13, there were 5.3 million emergency admissions to hospitals, an increase of 47% over the last 15 years. Two thirds of hospital beds are occupied by people admitted as emergencies and the cost is approximately £12.5 billion. NHS trusts and NHS foundation trusts, primary, community and social care and ambulance services work together to deliver urgent care services. Since April 2013, A&E services have been commissioned by clinical commissioning groups, which are overseen by NHS England. However, it is the Department of Health that is ultimately responsible for securing value for money for this spending.

Background resources

- NAO report: *Emergency admissions to hospital: managing the demand* - Session 2013-14 (HC 739)
- PAC report: *Emergency admissions to hospital* - Session 2013-14 (HC 885)
- Treasury Minute: April 2014 (Cm 8847)

Updated Government response to the Committee

There were 6 recommendations in the PAC report. As at the time of the Treasury Minute (Cm 8847), 6 recommendations remained work in progress, of which 3 have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
It is not clear who is accountable for the performance of local urgent and emergency care systems, and for intervening when local provision is not working effectively.

Recommendation:
In response to this report, the Committee expects the department to confirm that it is responsible for the overall performance of urgent and emergency care; and set out how it will challenge local performance, step in when this performance is substandard and enforce beneficial local changes to save money and provide a better service when local agreement cannot be reached

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

2.2 The department is responsible overall to Parliament for the health and care system including for performance on urgent and emergency care. This responsibility is delivered through NHS England and other arm's length bodies (ALBs), which it holds to account for delivery. The department scrutinises ALBs' performance on emergency care through several processes including periodic assurance reports; weekly delivery meetings between Ministers, Chief Executives and ALB senior officials; monthly accountability meetings at official level; and bi-monthly accountability meetings at Ministerial and Chair level.

2.3 The department sets NHS England objectives for commissioning emergency care. NHS England's business plan for 2014-15 set out how it proposed to achieve its objectives for this year. Clinical commissioning groups (CCGs) commission the majority of urgent and emergency care services locally, including most hospital and community services. The Care Quality Commission oversees the quality of urgent and emergency care services. Monitor and the NHS Trust Development Authority (TDA) oversee the hospital and community trusts that provide emergency care services.

2.4 NHS England holds CCGs to account for commissioning emergency care services through its assurance process. CCGs performance manage delivery of standards by providers through commissioning contracts. NHS England, Monitor and TDA have put in place national and regional tripartite arrangements to enable them jointly to oversee performance in local health economies.

3: Committee of Public Accounts conclusion:
Financial incentives across the system are not aligned, which undermines the coordination of care across the system.

Recommendation:
The department, NHS England and Monitor should review the overall system for funding urgent and emergency care, including the impact of the 'year of care' funding, to ensure that incentives for all organisations are coherent and aligned.

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2015.

3.2 Work is continuing, with the help of organisations delivering NHS services, to develop an example of how the payment system for urgent and emergency care can be changed to support the alignment of incentives across the whole potential pathway for urgent and emergency care. NHS England and Monitor published a document[31] on urgent and emergency care future payment options in August 2014. The aim of this document was to enable testing and development of detailed proposals in time for the publication of a payment example on the proposed Urgent and Emergency Care payment approach (or approaches), planned for early 2015.

3.3 The Long Term Conditions Year of Care Early Implementer sites are shadow-testing, in 2014-15, a capitated budget model for patients with two or more long term conditions. Progress has been slowed by information governance concerns around linking patient-level data sets across providers, though steps are being taken to try to resolve this.

3.4 Proposals for developing the payment system for urgent and emergency care are closely aligned not only with year of care approaches, but also with the development of the new models of care delivery outlined in the *NHS Five Year Forward View*. NHS England and Monitor will be working with local health economies to test possible future payment approaches, including the impact of new models of care such as Multispecialty Community Providers, during 2015-16. Assuming the test sites demonstrate positive results, it is hoped to start transition to the new payment approach as early as 2016-17.

4: Committee of Public Accounts conclusion:
Neither the department nor NHS England has a clear strategy for tackling the chronic shortage of A&E consultants.

Recommendation:
The department and NHS England should urgently develop and implement a strategy which considers all available options and addresses the immediate and longer term shortages of A&E consultants.

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 There has been an 8% increase in A&E doctors from November 2013 – November 2014 (latest data available), including a 7% increase in consultants.

[31] http://www.england.nhs.uk/resources/pay-syst/reimbursement-uec/

4.3 To support the longer term strategy, HEE (Health Education England) has the Work, learn and return programme, an intervention to support the current workforce shortages in emergency departments. HEE has also committed to increase Acute Care Common Stem (ACCS) CT1 posts by 75 per year for the next three years; and developed a parallel run-through training programme to increase retention in speciality training, including running three recruitment rounds during 2014 to give doctors an opportunity to apply for specialty training posts in emergency medicine.

4.4 HEE has developed, in partnership with the Royal College of Emergency Medicine, a new entry point into emergency medicine training Defined Route of Entry into Emergency Medicine, giving doctors in other specialities the opportunity to transfer their current competencies into emergency medicine specialty training, without starting at the beginning of the training pathway.

4.5 In addition, the HEE overseas recruitment programme has provided a potential 65 doctors, 10 are in the country and over 40 are working to pass the International English Language Testing System requirements. HEE is negotiating start dates, working with home countries so as not to destabilise healthcare provision. Doctors will continue to enter the UK during 2015, being placed in hospitals across England. A third round of recruitment took place in February 2015.

5: Committee of Public Accounts conclusion:
The Committee is not convinced that additional funding from the department to support A&E services during winter has been used to best effect.

Recommendation:
The department should evaluate promptly the impact of additional winter pressure money allocated for 2013-14 and the timing of when the money became available, and use this analysis to inform the early and effective allocation of this fund in 2014-15.

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

5.2 The department has moved away from monies specifically directed towards delivery over the winter period and towards a system of year-round operational resilience and capacity planning.

5.3 The department made an announcement on the monies available to the system for 2014-15 in June 2014, with areas receiving an indicative amount of funding much earlier than in 2013-14, to help them with planning. NHS England, working alongside Monitor, the NHS Trust Development Authority and the Association of Directors of Adult Social Services, published accompanying guidance containing the methodology for allocations. This was to support the NHS and its partner organisations to inform better developed plans to maintain effective delivery of high-quality services for patients.

5.4 The department provided £700 million to help the NHS cope with winter pressures, which provided more bed space and paid for additional clinical staff.

5.5 Together with NHS England and the Local Government Association, Public Health England published a cold weather plan which offers advice on how people can reduce risks to health before and during winter

6: Committee of Public Accounts conclusion:
The Committee welcomes the proposed shift to 24/7 consultant cover in hospitals, but is concerned about the slow pace of implementation and the lack of clarity over affordability.

Recommendation:
The department should act with urgency to establish the costs and affordability of this measure and develop a clear implementation plan.

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2015.

6.2 NHS England is leading the work on assessing the impact of seven day services and will use a range of incentives, rewards and sanctions to support NHS adoption of the standards. NHS England understands the need for urgent action, but is also conscious of the need to ensure that significant change is managed properly, that any new approaches are tested in the NHS and that patient care is not affected by financial volatility. There is a link to the work being undertaken by NHS England and Monitor with local health economies to test possible future payment approaches for urgent and emergency care.

7: Committee of Public Accounts conclusion:
Commissioners and urgent care working groups lack the quality data needed to manage the emergency care system more effectively.

Recommendation:
NHS England should ensure that reliable information is available across the urgent and emergency care system and that local information is published collectively in one place.

7.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2015.

7.2 NHS England monitors the overall performance of the health system to understand whether the commissioning and delivery of services are working. This requires a range of evidence to be routinely and consistently reported across the organisation. NHS England must look to remove duplication of effort involved in reporting from its various sections and throughout commissioning structures. To do this in the most effective and efficient way, NHS England, wherever possible, will reuse data from other sources.

7.3 NHS England has made a commitment to be an open and transparent organisation. As part of this promise, NHS England will aim to make the data on its core business openly available for people to review and reuse, not only by commissioners, but also by third parties and the public. To achieve this, NHS England is developing the NHS England Data Catalogue (previously known as the Integrated Intelligence Tool), to deliver data services, providing a single version of aggregated data on performance for NHS England and the wider commissioning system. This project has already been launched and is going through a period of user testing.[32]

[32] https://data.england.nhs.uk/

Forty Seventh Report

Cabinet Office

Contracting out public services to the private sector

Summary of the Committee's findings

More and more public services are being contracted out to private and voluntary providers. The Government spends £187 billion on goods and services with third parties each year, around half of which is estimated to be on contracting out services.

Background resources

- NAO report: The role of major contractors in the delivery of public services - Session 2013-14 (HC 810)
- NAO report: Managing Government suppliers - Session 2013-14 (HC 811)
- PAC report: Contracting out public services to the private sector - Session 2013–14 (HC 777)
- Treasury minute: Session 2013-14 (Cm 8871)

Updated Government response to the Committee

There were 23 recommendations in this report. As of the last Treasury Minute (Cm 8871), 7 recommendations were implemented and the department disagreed with 3 recommendations. 13 recommendations remained work in progress, of which 4 have now been implemented, as set out below.

1-2: Committee of Public Accounts conclusion:

Transparency: there needs to be far greater visibility to Government, Parliament and the public about suppliers' performance, costs, and revenues.

Recommendation:

Cabinet Office should mandate the use of open-book accounting for contracts above an agreed level of expenditure.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2015.

1.2 The Government recognises the value of open book techniques and acknowledges that they can help to secure better value for money, particularly on complex, high value, multi-year service contracts. However, Government is mindful of the added burden that open book arrangements could pose if they were included in less complex, lower value contracts, and is therefore keen to ensure that they are implemented proportionately.

Recommendation:

Cabinet Office should develop guidance for departments on how and when to use open-book accounting.

1.3 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2015.

1.4 The Government will announce in due course guidance on the proportionate use of open book techniques, including conclusions from our internal study on open book accounting.

Recommendation:
Cabinet Office should explore how the FOI regime could be extended to cover contracts with private providers, including the scope for an FOI provision to be included in standard contract terms.

1.5 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2015.

1.6 The Government is keen to see as much disclosure of performance information as possible. To test how best to achieve this, the Government is working with industry stakeholders to agree a set of principles to make outsourced public services more transparent and increase openness between government and its suppliers. These will be published in due course. Where public services are delivered by external providers, the Government expects the contractors to assist public authorities fully in meeting the current obligations of the Freedom of Information Act (FOI).

Recommendation:
Cabinet Office should ensure that the Comptroller and Auditor General has adequate access rights to contractors.

1.7 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.8 Including access rights in Government contracts is standard commercial practice. The Cabinet Office has issued Procurement Policy Action Note 4/14, which requires all in-scope organisations to adopt the new Model Services Contract and use it as the basis of the draft contract for all procurements for IT and BPO services where the likely contract value (over the whole of the intended contract term) is £10 million or more. The Model Services Contract includes rights of access (through the contracting authority in each case) for auditors, including the NAO.

Recommendation:
Neither the Cabinet Office, nor departments, should routinely use commercial confidentiality as a reason for withholding information about contracts with private providers. A clear explanation for any exceptions must be provided and the Cabinet Office should check that departments are treating disclosure as their default position.

1.9 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2015.

1.10 Government policy is a presumption in favour of disclosing as much information as possible. However, there are some exceptions to this and these are set out in the Freedom of Information Act, which allows some information to be withheld in certain circumstances.

Recommendation:
Cabinet Office should set out a plan for departments to publish routinely standard information on their contracts with private providers including, for example, contract duration, value and performance against key indicators.

1.11 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2015.

1.12 All new contracts entered into by Government above £10,000 must be published on Contracts Finder, Government's national portal for public sector opportunities. In addition, under the new Public Contracts Regulations 2015 all public sector authorities are required to publish award notices for each contract, on Contracts Finder, setting out the name of the contractor and value of the contract. The Government's work with stakeholders to agree a set of transparency, is looking at the improving the publication of contracts on the refreshed Contracts Finder website, for example: to encourage publication in an open and structured format and explanation of any redactions.

3-6: Committee of Public Accounts conclusion:
Contract management and delivery: central Government's management of private sector contracts
has too often been very weak

Recommendation:
Cabinet Office should provide guidance to departments on how to ensure that contractors, of any size, have effective governance and internal controls over all aspects of their operations.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: 2015-16.

3.2 The Cabinet Office has published model terms and conditions for major service contracts for departments to adopt, including provisions for managing poor supplier performance, including robust sanctions, and for sharing information between departments. Guidance notes to accompany the new Model Contract are currently under development.

3.3 Within departments, as part of their work to improve contract management, internal audit divisions will develop proposals to assure controls for strategic providers; for example, by requiring new contractors to commission external reviews to give assurance on the contractor's controls. The Cabinet Office will seek to bring these initiatives together into an integrated system of control, transparency and assurance.

3.4 The Crown Commercial Service will also work with Industry stakeholders, including the CBI, to explore the feasibility of introducing a duty of care and what it might entail. Any outcome will need to balance a contractor's duty of care to the taxpayer with its obligations as a commercial entity operating in the private sector.

Recommendation:
Cabinet Office should provide guidance and support to ensure the terms of contracts properly protect both the taxpayers' interest and the service users' legitimate expectations.

3.5 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.6 The Government has established the Complex Transactions Team in the Crown Commercial Service, which provides expert support to departments. These commercial experts restack the balance in favour of the taxpayer by providing departments with an equivalent to supplier's big deals teams during commercial negotiation. The Crown Commercial Service has published a new Model Contract, Contract Management principles and an Operating Model.

3.7 As part of the Strategic Supplier Risk Management policy, the Cabinet Office collects performance reports from departments on supplier performance. This includes both current contracts with Strategic Suppliers and those completed in the previous three years that collectively have a contract value of £20 million or more. These will be refreshed by in-scope organisations on a six-monthly basis and where appropriate in light of on-going developments.

3.8 Departments are now regularly asking for performance certificates when buying information technology and business process outsourcing services. These certificates allow past performance to be taken into account in procurement decisions. The Cabinet Office will review existing arrangements to see if these can be further improved within the scope of EU public procurement directives.

3.9 CCS is currently running a pilot project to test whether providing feedback on suppliers to prospective buyers has a positive influence on the efficacy of Government spending. Feedback on suppliers will be aggregated and made available to prospective buyers.

Recommendation:
Cabinet Office should seek to standardise the information that Government requests from contractors as far as possible and improve the consistency, accuracy and efficiency of information collection.

3.10 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2015.

3.11 The Cabinet Office has already introduced a standard Pre-Qualification Questionnaire (PQQ) for uses where PQQs are required in central government in order to standardise the requests for contractual information. This will be extended to the wider public service as part of the implementation of Lord Young's recommendations through the new public procurement regulations. A different standard, PAS91, is used in the construction sector.

3.12 The Cabinet Office has already established and continues to improve systems to collect and interrogate data from suppliers. The Cabinet Office will further improve the consistency and accuracy of information held by Government about strategic suppliers, whilst continuing to minimise the burdens associated with data collection to ensure Government continues to attract new market entrants to increase competition.

7-8: Committee of Public Accounts conclusion:
Competition: There is not enough effective competition in the market for Government business

Recommendation:
In the short term, departments should review contracts to ensure that in the event of supplier failure, contingency plans are in place for continuity of service and that government is protected financially. They should explore options for amending existing contracts where necessary.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 Working with central departments, the Crown Commercial Service has identified high impact, critical contracts, developed a robust methodology to assess contingency risk and is now building cross-government capability to mitigate those risks to service continuity and to public finances.

9-10: Committee of Public Accounts conclusion:
Capability: Government does not currently have the expertise to extract the greatest value from contracting to private providers.

Recommendation:
Cabinet Office and departments should ensure that there is appropriate Accounting Officer and board level engagement in all major contracting decisions.

9.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2015.

9.2 The responsibilities of an Accounting Officer are set out in chapter 3 of *Managing Public Money* (MPM). This sets out the standards expected to ensure that the organisation (and sponsored ALBs) operate effectively and to a high standard of probity for governance, decision making, and financial management. Further, chapter 7 of MPM sets out the requirements, through a framework document, for public sector organisations delivering public services.

9.3 The Government's strengthened functional leadership model will help consolidate the way in which the centre works with Accounting Officers to improve performance and delivery. The functional heads have a cross-cutting responsibility for the running of expert corporate functions, from IT to HR, digital to finance. They take a leading role in recruiting talent and agreeing standards within their cross-departmental functions. The Government Chief Commercial Officer is leading work to manage talent better and build capability within his function. This includes setting standards for departments to follow; setting career pathways and the learning curricula for the commercial profession; and establishing a central recruitment hub. Commercial Directors have a dotted line responsibility to the Government Chief Commercial Officer and this relationship will be clarified.

Recommendation:
Cabinet Office and departments should invest in developing experience and expertise in commercial issues and contract management.

9.4 The Government agreed with the Committee's recommendation.

Recommendation implemented.

9.5 A strategy to attract, develop and retain top talent and drive performance in the commercial function across government, reflecting the importance of commercial skills, experience, confidence and judgement, was developed in May 2014. Teams at the centre and in departments are working to deliver the strategy. A key piece of this work has been the completion of the first wave of recruitment to senior commercial posts through the Commercial Recruitment Hub, with 45 senior (SCS/G6) commercial vacancies across 7 Government departments filled. The second wave is now under way.

9.6 The Crown Commercial Service has grown from 526 staff in March 2014 to 830 in October 2014, with the development of specialist teams, such as the Complex Transactions Team, and recruitment of more Crown Representatives, to make a cadre of 20 highly-experienced business leaders ensuring savings are made and commercial capability increases. A Commercial "passport" (framework of experience) has been developed and is being embedded – setting standards for access to senior roles and to guide career development. Uptake of commercial learning products exceeded 48,000 by the end of October 2014, including 298 participants in the Major Projects Leadership Academy and 531 at the Commissioning Academy. To develop the government's commercial talent of the future, two new talent entry schemes have been developed: the Fast-Track Apprenticeship Scheme and the Commercial Fast Stream Programme.

Recommendation:
Cabinet Office should explicitly require departments to ensure that those who are responsible for day-to-day contract management have sufficient authority, commercial skills and experience. This includes having the expertise to put open-book accounting into practice.

9.7 The Government agreed with the Committee's recommendation.

Target implementation date: 2015-16.

9.8 The Government is continuing its current programme to review departments' commercial capability and address the common themes once for government. The work is aimed at resolving gaps and deficiencies and identifying and resolving systemic issues such as recruitment and retention.

9.9 To address gaps in contract management capability, the Crown Commercial Service (CCS) has developed, in consultation with departments, a set of contract management principles, a contract management framework summary based on the NAO good practice contract management framework, and a new contract management operating model. In addition, a small team of highly-trained experts is being developed in CCS, whose members will train and mentor contract management specialists. A range of learning and development products has been devised to address contract management capability specifically, including improving commercial skills for practitioners and raising awareness of non-practitioners on subjects such as commercial judgement and market intelligence, together with building confidence and good practice in deploying good contract management processes.

9.10 Uptake of these products has been excellent and continues to rise. The Government is continuing its current programme to review departments' commercial capability and address the common themes once for government. The work is aimed at resolving gaps and deficiencies and identifying and resolving systemic issues.

Forty Eighth Report of Session 2013-14

Department for Communities and Local Government

Council Tax Support

Summary of the Committee's findings

In April 2013, the Government transferred responsibility for Council Tax Support to 326 local authorities. The Government had four main objectives for this policy: to transfer the system to local control; to make savings; to protect vulnerable people; and to support work incentives for claimants created by the Government's wider welfare reforms. Each local authority now has a duty to design and implement a Local Council Tax Support scheme. Previously Council Tax Benefit, a national scheme, had been claimed by five million people in 2011-12, at a cost of £4.3 billion. Alongside transferring responsibility, the Government also reduced funding to local authorities for Council Tax Support by 10% in 2013-14, delivering a £414 million saving for Central Government. Local authorities have differed in how much of the reduced funding they have passed on to claimants through reduced entitlements.

Background resources

- NAO report: *Local Council Tax Support* - Session 2013-14 (HC 882)
- PAC report: *Council Tax Support* - Session 2013-14 (HC 943)
- Treasury Minute: June 2014 (Cm 8871)

Updated Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (Cm 8871), 1 recommendation had been implemented. 5 recommendations remained work in progress, of which 1 recommendation has now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
The department does not yet fully understand the combined impact of the new Council Tax support schemes and other welfare changes on the demand for local services and the funding of local authorities.

Recommendation:
The department should assess the combined impact of Council Tax support and other welfare changes on demand for local authority services and the funding of local authorities to help inform Government's future decisions on funding changes affecting local authorities, including how the impact varies across local authorities.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: 2015-16.

3.2 The department is working closely with the Department for Work and Pensions (DWP) on a range of welfare reform issues – for example, both departments have jointly met with local authority chief executives to better understand the impact of the welfare reforms on the ground and to help resolve any implementation issues. In addition, both departmental directors meet regularly to discuss welfare reform.

3.3 Since 2011-12 the department has published spending power figures which look at the income available to local councils from a wide range of sources, and measure the cumulative impact of any changes affecting them. This work is complemented by DWP who evaluate the various welfare reforms and release regular statistics on households affected by these reforms. Obtaining a good understanding of impacts is critical work ahead of future spending settlements.

4: Committee of Public Accounts conclusion:
The department's funding of local authorities' additional costs resulting from the introduction of local Council Tax support is based on estimates that do not cover all the costs.

Recommendation:
The department should work with local authorities, using data from the first year of the schemes, to recalculate its funding of local authorities' additional burdens, including recurrent increases in collection costs.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The department has already announced the Local Council Tax Support administration subsidy for 2015-16 and is working with DWP to calculate the distribution of subsidy for 2016-17 onwards. The department has completed an engagement exercise with over 100 local authorities to gauge the level of new burdens funding that will be needed to help local authorities to continue to deliver their individual Local Council Tax Support in 2015-16. The department recently announced the funding and allocation of a New Burdens grant for Local Council Tax Support for 2015-16.

5: Committee of Public Accounts conclusion:
The department does not have enough information about what impact local scheme choices have had on vulnerable groups.

Recommendation:
The department should collect information that supports a comprehensive analysis of the financial impact of Council Tax support schemes on vulnerable groups, including the number of people and types of claimants affected, and regional variations.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: 2015-16.

5.2 The Local Government Finance Act 2012 requires the Secretary of State to make provision for an independent review of all council tax reduction schemes. It is important to identify appropriate and proportionate data for this review, and the department is currently working with the Council Tax Partnership Forum and local authorities to do so.

6: Committee of Public Accounts conclusion:
Ensuring that Council Tax support schemes interact effectively with Universal Credit is a significant challenge for the departments involved.

Recommendation:
DCLG and DWP must develop and publish clear plans for establishing data sharing arrangements between Universal Credit and Council Tax support schemes.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: 2016-17.

6.2 DCLG, DWP and local authorities are working closely together to develop data sharing arrangements and to make sure that the savings which can be made through data sharing will be realised. The exact timetable for this will depend on the programme for roll-out of Universal Credit.

7: Committee of Public Accounts conclusion:
The department's planned review of Council Tax support is an opportunity for it to reassess the programme and ensure it meets the Department's objectives.

Recommendation:
The department must set out a timetable and terms of reference for an independent review, which should include coverage of the points we have raised. It must also establish and collect the information the review will need, both to answer the questions set by legislation, and to assess the extent to which the department has met is policy objectives for this reform.

7.1 The Government agreed with the Committee's recommendation.

Target implementation date: 2015-16.

7.2 The Local Government Finance Act 2012 requires the Secretary of State to make provision for an independent review of all council tax reduction schemes made under the provisions of this Act: to consider their effectiveness, efficiency, fairness and transparency and their impact on the localism agenda, and to make recommendations as to whether such schemes should be brought within universal credit.

7.3 The review will take place within three years of the Local Government Finance Act 2012 coming into effect, as set out in legislation. The department is currently working with the Council Tax Partnership Forum and local authorities to identify appropriate and proportionate data for the review. The timetable, coverage, process for data collection and detailed terms of reference will be agreed and published in due course.

Forty Ninth Report of Session 2013-14

Home Office

Confiscation Orders

Summary of the Committee's findings

Confiscation orders are the main way through which the Government carries out its policy to deprive criminals of the proceeds of their crimes. The intention is to deny criminals the use of their assets and to disrupt and deter further criminality, as well as recovering criminals' proceeds. The Home Office leads on confiscation policy, but many other bodies are involved including the police, the Crown Prosecution Service and HM Courts and Tribunal Service. The overall system for confiscation orders is governed by the multi-agency Criminal Finances Board. The annual cost of administering confiscation orders is some £100 million. In 2012-13 the amount confiscated was £133 million.

Background resources

- NAO Report *Confiscation Orders* - Session 2013-14 (HC 738)
- PAC Report *Confiscation Orders* - Session 2013-14 (HC 942)
- Treasury Minute: June 2014 (Cm 8871)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the Treasury Minute (Cm 8871), 6 recommendations remained work in progress, of which 4 have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
Poor implementation of the confiscation order scheme has severely hampered its effectiveness.

Recommendation:
The Criminal Finances Board should develop and implement its improvement plan urgently. This plan should include well-defined objectives and success measures so that practitioners can prioritise criminal cases and orders and be able to understand and measure success beyond amounts collected. The plan should also include project milestones that the Board can use to assess progress.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The improvement plan is being implemented. Milestones have been agreed with all bodies represented on the quarterly Criminal Finances Board, which is chaired by the Minister for Modern Slavery and Organised Crime. The Board continues to monitor progress against the plan, and progress reports are also given directly to the Minister on a monthly basis. The plan contains a mixture of medium and longer term objectives.

2.3 The impact of progress against the medium term objectives is starting to be seen. The concerted multi-agency effort on the enforcement of outstanding confiscation orders has resulted in £40 million being collected from 161 cases). Dedicated asset recovery liaison prosecutors have been posted to key jurisdictions, and funds have been successfully repatriated from Dubai for the first time. Progress against longer term objectives remains steady. The development of more sophisticated success measures is a longer term objective, which is being worked on with operational partners.

3: Committee of Public Accounts conclusion:
Not enough confiscation orders are imposed.

Recommendation:
Law enforcement and prosecution agencies need to agree and apply a common set of criteria to ensure that they consider consistently and properly all crimes with a financial gain for confiscation orders.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 In 2014, the Crown Prosecution Service (CPS) established a dedicated Proceeds of Crime national function. As part of that function, the CPS refreshed its Asset Recovery Strategy and a separate strategy on the use of receivers. The confiscation chapters of the CPS Legal Guidance were updated and consolidated and prosecutors are advised to ensure that confiscation is sought appropriately and that consideration is given to other court powers, such as compensation, restitution and deprivation orders under the Power of Criminal Courts (Sentencing) Act 2000; forfeiture orders under the Misuse of Drugs Act; and other relevant legislation in appropriate cases. The revised Legal Guidance provides more assistance to prosecutors when considering whether to apply for restraint orders.

3.3 Guidance on the use of financial investigation techniques has been incorporated into the College of Policing's Authorised Professional Practice. This guidance is aimed at increasing the use of basic financial investigation tools by front line officers, thereby helping to free up dedicated financial investigators to undertake more complex investigations.

4: Committee of Public Accounts conclusion:
Not enough is being done to enforce confiscation orders once they have been made, especially in higher value cases.

Recommendation:
Law enforcement agencies should work together to ensure that financial investigators are brought in early in high value cases and use restraint orders quickly to prevent criminals hiding their illegal assets. The Crown Prosecution Service and National Crime Agency should also report to the Criminal Finances Board on the enforcement progress of its priority cases.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 Operational agencies have assured the Criminal Finances Board that financial investigation techniques, and in particular, the use of restraint orders, are considered at the earliest possible stage of high value investigations. The Board is continuing to monitor the use of restraint orders nationally.

4.3 Operational agencies have also established a multi agency group to oversee operational activity, including the enforcement of outstanding confiscation orders. This group ensures that best practice in the use of enforcement techniques is shared nationally. The National Crime Agency dedicated Asset Confiscation Enforcement (ACE) team coordinated activity across the Agency and with partners, on those outstanding orders made against the most serious criminals. Between 2 December 2013 and 31 December 2014, £40 million was collected on a total of 161 priority cases.

4.4 Dedicated ACE teams have been established in each of the Regional Asset Recovery Teams and at HMRC. Since their inception in July 2014, the regional ACE teams have assisted in the enforcement of orders worth over £3 million.

5: Committee of Public Accounts conclusion:
The incentive scheme to encourage the many bodies involved to confiscate proceeds of crime is opaque and ineffective.

Recommendation:
The current incentive scheme for bodies involved in confiscation orders should be revised to ensure it is aligned with the success measures and objectives set out in the new Criminal Finances improvement plan and to link effort and reward. The Home Office should also ensure that there is proper reporting on the use made of scheme funds.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Criminal Finances Improvement Plan includes a commitment to review the Asset Recovery Incentivisation Scheme to ensure that it properly incentivises the use of the Proceeds of Crime Act by investigating, prosecution and enforcement agencies. As part of that review, views were sought from all operational agencies with investigation or prosecution powers under POCA, including Police and Crime Commissioners, along with key partners in the wider asset recovery process. 35 responses were received. The final findings were presented to the Criminal Finances Board in December 2014.

5.3 The Board's recommendations have been considered by the criminal justice ministers who have agreed to set aside a portion of the scheme, before the ARIS formula is applied, for investment in key national asset recovery capabilities on a pilot basis in 2015-16. A copy of the review report has been provided to the Chair of the Public Accounts Committee, and a copy placed in the library of the House.

6: Committee of Public Accounts conclusion:
The bodies involved with confiscation orders do not have the information they need to manage the system effectively.

Recommendation:
All the bodies involved in confiscation need to develop a better range of cost and performance information to enable them to prioritise effort and resources to best effect. They also need to improve their existing ICT systems and their interoperability, as well as cleanse the data they hold.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: 2017.

6.2 HMCTS are working with the NCA to cleanse all current outstanding confiscation order records on the Joint Asset Recovery Database (JARD), with 5000 records due to be cleansed by the end of March 2015. This exercise will identify errors and data gaps within JARD and internal ICT systems. In addition, a longer term project, due to complete by 2017, will enhance data quality on JARD through the introduction of mandatory fields, supervisory checks and authorisation for data input. The NCA is also working with HMCTS (project at an initial stage) to include Crown Courts in the JARD process.

6.3 The CPS has developed a new suite of 11 measures to monitor CPS internal performance on restraint, confiscation and enforcement. The CPS continues to work closely with partner agencies attending the Criminal Finances Board to ensure that criminal justice performance on asset recovery continues to improve. The CPS is additionally engaging with stakeholders regionally with a suite of bespoke performance indicators.

6.4 Work to develop a better range of costs and performance information will continue as part of the improvement plan.

7: Committee of Public Accounts conclusion:
The sanctions imposed on offenders for failing to pay confiscation orders do not work.

Recommendation:
The Home Office, in conjunction with the Ministry of Justice, must set out how, and by when, it will strengthen the confiscation order sanctions regime. The Joint Committee on the draft Modern Slavery Bill might include this in their deliberations.

7.1 The Government agreed with the Committee's recommendation.

Target implementation date: May 2015.

7.2 The Serious Crime Act includes provisions which strengthen sanctions for those who do not pay their confiscation orders. The Act includes provisions to increase the maximum default sentence from 5 to 7 years for orders between £500,000 and £1 million, and from 10 to 14 years for orders over £1 million. The provisions also end automatic early release at the halfway point for offenders with orders over £10 million. As a result, anyone failing to pay an order of over £10 million will in future serve up to 14 years in prison rather the current maximum of 5 years. Given that default sentences must be served consecutively to the original prison sentence, these increases aim to make defendants pay their outstanding orders, particularly for the higher value orders.

7.3 The Modern Slavery Bill makes both modern slavery offences – slavery, servitude and forced labour and human trafficking - criminal lifestyle offences, making perpetrators subject to the most robust confiscation regime available under POCA.

Fifty First Report of Session 2013-14

Department for Communities and Local Government / Department for Work and Pensions

Programmes to help families facing multiple challenges

Summary of the Committee's findings

In 2006, the Government estimated that there were 120,000 families in England facing multiple challenges, such as unemployment and poor housing. It subsequently included other challenges, such as crime and antisocial behaviour. The estimated cost to the taxpayer of providing services to support these families is £9 billion a year, of which £8 billion is spent reacting to issues and £1 billion in trying to tackle them. In 2012, DCLG and DWP each introduced separate programmes to help these families. DCLG's Troubled Families programme, with a central government budget of £448 million, aims to 'turn around' all 120,000 families by May 2015. DWP's Families with Multiple Problems programme, with a budget of £200 million, seeks to move 22% of those joining the programme into employment by March 2015. Both programmes look to support families rather than individuals and to join up the activities of local service providers, who receive payment-by-results.

Background resources

- NAO report: *Programmes to help families facing multiple challenges* - Session 2013-14 (HC 878)
- PAC report: *Programmes to help families facing multiple challenges* - Session 2013-14 (HC 668)
- Treasury Minute: June 2014 (Cm 8871)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8871), 2 recommendations were implemented. 3 recommendations remained work in progress, of which 2 have now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
The two programmes to help troubled families were designed and implemented separately, resulting in confusion and a lack of integration, and contributing to lower than expected performance during the early stages.

Recommendation:
The Government should learn lessons from the approach taken in this case to ensure that there is integrated policy making and implementation within, and across departments. The Government should agree a clear plan for delivery of the next phase of DCLG's Troubled Families programme, from 2015.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Government announced further details of the expanded Troubled Families programme in the interim Financial Framework in September 2014. A further iteration of this Financial Framework was then published in November 2014 to reflect local authority feedback. The programme aims to work with up to an additional 400,000 families over 5 years. DWP is supporting the delivery of this programme by providing 307 specialist troubled families employment advisers – Jobcentre Plus secondees into local authority troubled families teams.

3.3 In the Budget 2014, the Government announced that the highest performing local authorities would be invited to start delivery of the expanded programme early – in 2014-15. 51 areas were identified as the first wave of "early starter" areas, which began delivery of the expanded programme

in September 2014. These areas are working intensively with the DCLG Troubled Families Team to implement and refine the operating model ahead of national roll out. A second wave of 62 early starters began in January 2015. A final version of the programme's Financial Framework will be published ahead of the programme's national roll out to reflect learning from the work of the 'early starter' areas.

5: Committee of Public Accounts conclusion:
Efficient and effective data sharing is required for the programmes to be delivered successfully.

Recommendation:
The departments should develop and disseminate clear guidance to local authorities. This should set out the data that local authorities can legally share and what practical steps they can take to overcome cultural barriers to sharing data among local agencies involved in delivery, alongside helping local authorities to meet their remaining legal responsibilities for data protection and confidentiality.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Department for Communities and Local Government (DCLG) published the updated interim *Financial Framework*[33] for the expanded Troubled Families programme in November 2014. This sets out clear guidance to local authorities on data sharing principles. The Department for Work and Pensions (DWP) issued guidance to local authorities on the Automated Data Matching Solution in November 2014. This has been developed to replace the previous manual data sharing process in order to help local authorities to identify troubled families who are claiming out of work welfare benefits, to track benefit status over time and to verify that an adult in the family has moved off out of work benefit.

5.3 DCLG continues to work with other government departments and local authorities on data sharing arrangements. It recently published the interim data sharing guidance with the Department for Health, Publish Health England and National Health Service (NHS) England. DCLG plan to test the data sharing guidance with the early starter local authorities delivering the expanded Troubled Families Programme and will use the findings to refine the guidance.

6: Committee of Public Accounts conclusion:
The departments need to demonstrate that the programmes deliver value for money.

Recommendation:
Both departments should publish, alongside details of the programmes' progress against their respective targets, details of the wider benefits and financial savings that they have identified. They should make clear what proportion of any financial savings are cash savings.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: May 2015.

6.2 An independent evaluation of the Troubled Families programme is currently underway, delivered by a consortium led by Ecorys and including the National Institute of Social and Economic Research. The Troubled Families team has developed an online cost savings calculator and provided practical support and guidance to enable all local authorities to evidence fiscal, economic and social benefits.

[33] ttps://www.gov.uk/government/uploads/system/uploads/attachment_data/file/375427 /Financial_Framework_for_the_Expanded_Troubled_Families_Programme.pdf

6.3 DCLG publishes regular progress information on the Troubled Families programme. The latest was in December 2014 and covered the numbers of families identified, being worked with and turned around by each local authority. DCLG also published an interim evaluation report by Ecorys on the Troubled Families Programme in July 2014, together with the report *Understanding Troubled Families*. DWP published its Experimental Official Statistics on Troubled Families in September 2014 which present insight into the benefit and employment status of Troubled Families programme participants on an individual basis.

6.4 DWP has commissioned Ecorys to evaluate the Economic Social Fund (ESF) Families Provision. Their report will be published later this year and will outline lessons learnt from this approach to funding.

Fifty Third Report of Session 2013-14

Ministry of Justice / National Offender Management Service

Managing the Prison Estate

Summary of the Committee's findings

The Agency, part of the Ministry of Justice, is responsible for the prison system in England and Wales which holds around 84,000 prisoners. The prison estate consists of some 130 prisons of varying layout, geographical location, age and state of repair. Prisons also vary in the type of prisoner they hold and the activities they offer. The prison population has stabilised since the late 2000s, allowing the Agency to take a more strategic approach to the prison estate.

The main factor behind the Agency's estate strategy, of closing small costly prisons and building new accommodation which is cheaper to run, is the need to make recurring savings. Under the strategy, the Agency had by the end of 2013, closed 13 prisons and built two new prisons and a new prison block in an existing prison. The Agency has little control over the prison population, except through its role in rehabilitating prisoners to prepare them for release at the earliest opportunity and in assisting in the removal of foreign national prisoners.

Background resources

- NAO report: *Managing the Prison Estate* - Session 2013-14 (HC 735)
- PAC report: *Managing the Prison Estate* - Session 2013-14 (HC 1001)
- Treasury Minute: June 2014 (Cm 8871)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute, 2 recommendations were implemented and the department disagreed with 1 recommendation. 5 recommendations remained work in progress, of which 2 have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:

The Agency has achieved significant savings in running costs and made considerable progress towards meeting its other objectives for the prison estate.

Recommendation:

The Ministry of Justice should use the Agency's management of the prison estate to develop a best practice case example in achieving cost reductions, which the Treasury should ensure is disseminated widely across Government.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The department has constructed custodial accommodation at strategic locations to improve the geographical balance between supply and demand and has driven down costs by using modern construction techniques. The Ministry of Justice Estates Directorate is one of the foremost practitioners of Building Information Modelling (BIM) within Government, further improving the efficiency of construction. It won the Civil Service Award for Project and Programme Management using a new houseblock and education centre at Cookham Wood YOI, which completed six weeks early and 20% under budget, as evidence of its delivery practice, and was highly commended in the Client of the Year category of the Construction Excellence national awards.

2.3 The department shares good programme and project management practice with other Government Departments (OGDs) and the wider construction industry. Examples include involvement in the Government BIM Stewardship Group & Steering Committee, Government Soft Landings (GSL) Working Group and Government Property Unit. The department presents at conferences and events

on BIM, GSL and lean construction and meets with OGDs, foreign Governments and private companies to share best practice.

2.4 The department's work has been recognised by co-opting the Head of Programme and Project Delivery (PPD) to head the Government's BIM Steering Group and New Methods of Construction Procurement Group. The Head of PPD has set up cross Government stewardship groups, covering Government Construction Strategy deliverables, ensuring shared best practice and peer support.

3: Committee of Public Accounts conclusion:
The two new large contracted-out prisons have performed poorly since they opened, and they do not appear to give sufficient priority to meeting offenders' rehabilitation needs.

Recommendation:
The Agency should:

a) ***identify the reasons for the poor performance of the large prisons and address these as a matter of urgency, including operating the prisons as though they were small prisons located on the same site, with shared services.***

b) ***work with the contractors at HMP Oakwood and HMP Thameside, to achieve a performance rating of 4 for 2014-15. If either prison fails to achieve this target, the Agency should write to the Committee to set out the reasons for the lower rating and the steps it is taking to improve performance.***

c) ***ensure the factors that resulted in the poor performance at these prisons, particularly HMP Oakwood, are not replicated at the new prison being built in Wrexham.***

d) ***monitor the level of good-quality purposeful activity provided by each prison, and use this information to increase the quality and quantity of purposeful activities to reach a level deemed acceptable by HM Chief Inspector of Prisons. As a first step, the Agency should satisfy the Chief Inspector that the quantity and quality of purposeful activity across the prison system has increased by the end of 2014-15.***

3.1 The Government agreed with the Committee's recommendations a, c and d, as far as they relate to an establishment's performance but does not agree that this is necessarily caused by its size. The Government disagreed with the Committee's recommendation b.

Target implementation date (3c): February 2017.

3.2 In the design of the North Wales prison in Wrexham, the department has taken lessons learned and best practice from both the public and private sector. As an example, the department has incorporated large, flexible workshops spaces. These can be divided up as required for a variety of uses. This will mean that as many prisoners as possible will be able to access rehabilitation activities.

3.3 The focus of the prison is about how effective it is at reducing reoffending. The prison will be a modern, purpose-built establishment; safe, secure and effective in helping prisoners deal with their offending and develop the work, education and life skills that they need to effectively rehabilitate. In order to ensure the safety and security of prisoners and staff in the opening of the new prison, there is likely to be a mix of experienced working alongside newly trained staff. The prison is scheduled to open on a phased basis with the first houseblock in February 2017 and the prison fully operational by the end of 2017.

Target implementation date (3d): April 2015.

3.4 Hours worked in production workshops have increased from 13.1 million in 2012-13 to 14.2 million in 2013-14 and the department will continue to monitor progress. Private Sector prisons have reported to also deliver over 1 million hours of work. Prisoners also take part in a large number of other activities including education, training and offending behaviour programmes. Provisional data for the full 2013-14 academic year show there were 95,300 offenders aged 18 or over in the prison system in England participating in learning.

3.5 The department's programmes are supporting the introduction of additional activity. One of the main drivers of benchmarking and the new core day is to increase the time that prisoners can undertake appropriate and meaningful work, training and education to enable employment on release to their home areas.

3.6 Prisons vary in the numbers of prisoners engaged in industrial activity for a number of reasons, mainly the category and role of the prison and the types of prisoner available to work. The department has seen real innovation in some of the work recently introduced such as the departments call centres and Halfords Academy.

4: Committee of Public Accounts conclusion:
The Agency has closed relatively expensive and old prisons, even when they were performing well.

Recommendation:
When selecting prisons for closure, the Agency should consider prisons' performance and the likely impact on overall performance across the prison estate, in addition to the factors it already considers.

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 Unless there is an unexpected and significant drop in the prison population, there are no plans to close further prison capacity in England and Wales in the next three years. However, the Agency will include prisons' performance in the evaluation criteria developed in advance of any consideration of which prisons might close.

5: Committee of Public Accounts conclusion:
More could be done to reduce the prison population by ensuring prisoners are prepared for release at the earliest opportunity.

Recommendation:
The Agency should provide more programmes to help prisoners on indeterminate sentences become safe to release.

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: March 2016.

5.2 NOMS has increased investment in accredited programmes in 2014-15 to £17.99 million compared to £17.11 million in 2013-14.[34] This increase is in large part due to greater investment in Sex Offender Treatment Programmes and investment in longer, more expensive interventions targeting higher risk offenders such as IPPs. For example: for two specific Sex Offender Treatment programmes (SOTP) - Healthy Sex Programme (HSP) and Extended SOTP (ESOTP) there is a clear commitment to expand provision in 2015-16 and beyond. Indeterminate sentence prisoners form a significant proportion of men referred to these programmes.

5.3 Indeterminate sentenced offenders will also have access to appropriate and stable accommodation, access to education, training and employment and support from professionals as well as family and friends. An example of alternative interventions is the NOMS and DH co-commissioned programme of services to improve the management and psychological health of offenders with personality disorders who also present a high risk of serious harm to others. The programme plans to provide up to 300 new treatment places at five adult male prisons by March 2016.

[34] Investment is calculated using a static cost per programme developed as part of NOMS specifications, benchmarking and costing programme.

Fifty Fourth Report of Session 2013-14

Home Office

COMPASS: Provision of asylum accommodation

Summary of the Committee's findings

At any one time, the department provides accommodation for around 23,000 destitute asylum seekers awaiting the outcome of their application to remain in the UK, although this number fluctuates as world events impact on the numbers seeking asylum. The cost of providing this accommodation in 2011-12 was £150 million. In March 2012, the department decided to introduce a new delivery model involving fewer and bigger housing providers than under previous contracts. There are now six regional contracts (known collectively as COMPASS), delivered by three prime contractors (G4S, Serco and Clearel, each of which has two contracts). Only Clearel had previous experience running asylum accommodation. The department, through the introduction of these new contractual arrangements, aims to save around £140 million over seven years. The department has reported savings of £8 million from the new contracts in the first year of their operation.

Background resources

- NAO report: *COMPASS: Provision of asylum accommodation* - Session 2013-14 (HC 880)
- PAC report: *COMPASS: Provision of asylum accommodation* - Session 2013-14 (HC 1000)
- Treasury Minute: June 2014 (Cm 8871)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8871), 5 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

7: Committee of Public Accounts conclusion:
The quality of the accommodation provided by the COMPASS contracts is still not up to standard.

Recommendation:
The department must conclude quickly any outstanding issues with contractors on payment of penalties for their earlier poor performance, and improve the KPIs against which it will monitor contractors, to ensure this incentivises contractors to provide accommodation that meets the standards required.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 The department held a series of meetings with G4S and Serco to resolve issues regarding outstanding service credits accrued in the first six months of the service contract. All service credits relating to early poor performance have now been recovered in full.

7.3 All providers have taken steps to improve their service delivery process and maintenance regimes. Accommodation standards and responses to issues concerning standards of accommodation have significantly improved. The department monitors provider performance closely and when appropriate continues to apply service credits in response to service failure. Since the last update, providers have routinely demonstrated their ability to meet their contractual requirements in relation to the quality of accommodation.

Fifty Fifth Report of Session 2013-14

Department of Health

NHS waiting times for elective care in England

Summary of the Committee's findings

NHS patients have the right to receive elective pre-planned consultant-led care within 18 weeks of being referred for treatment. In 2012–13, there were 19.1 million referrals to hospitals in England, with hospital-related costs of around £16 billion. The waiting time performance standards are set by the department, which has overall accountability for service provision and value for money, while trusts' performance against the standards is collated and published by NHS England. The standards introduced in 2008 are that 90% of patients admitted to hospital, and 95% of other patients, should have started treatment within 18 weeks of being referred. In April 2013, NHS England introduced zero tolerance of any patient waiting more than 52 weeks.

Background resources

- NAO report: *NHS waiting times for elective care in England* - Session 2013-14 (HC 964)
- PAC report: *NHS waiting times for elective care in England* - Session 2013-14 (HC 1002)
- Treasury Minute: June 2014 (Cm 8871)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8871), and currently, 5 recommendations remain work in progress, as set out below.

2: Committee of Public Accounts conclusion:
The Department cannot be sure that the waiting time data NHS England publishes is accurate.

Recommendation:
The department must work with NHS England, Monitor and the NHS Trust Development Authority to agree clear actions, responsibilities and a timetable for obtaining assurance that trusts' systems and processes for monitoring waiting lists are producing consistent and reliable data. The data should be audited by someone independent of the trust it relates to.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2015.

2.2 In 2014, the department worked with the NHS Trust Development Authority (NHS TDA), Monitor and NHS England, to ensure trusts have robust data recording systems and processes. NHS TDA planning guidance for 2015-16 requires NHS Trusts' plans to confirm that they undertake an annual review of data quality; publish and annually review a patient access policy; and have their waiting list management practices reviewed independently every three years. The TDA will require NHS trusts to provide supporting evidence demonstrating the action taken to assure their waiting time data.

2.3 In 2014-15, Monitor introduced a requirement for every NHS Foundation Trust's (FT) annual governance statement to include a disclosure on how they assure and address risks to the quality and accuracy of their elective waiting time data.

2.4 In 2014, NHS England piloted a national data validation programme to help NHS organisations improve and maintain the quality of waiting time data. Taking account of lessons learned, NHS England plans to expand the pilot into a broader programme during 2015, covering a further 40-50 trusts.

3: Committee of Public Accounts conclusion:
The guidance is complex and allows variations between trusts in the way they manage and record waiting times.

Recommendation:
NHS England must work with trusts to identify weaknesses in current guidance and inconsistencies in the way it is applied, and simplify it by the end of 2014.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: May 2015.

3.2 In 2014, a team of experts from the department and NHS England reviewed consolidated and simplified current guidance. This revised guidance will be user-tested by NHS providers and commissioners and consulted upon by the end of April 2015, then set for publication for June 2015 on the NHS England website.

4: Committee of Public Accounts conclusion:
The current regime of financial penalties for trusts that do not achieve the waiting time standards is not being used to drive improved performance.

Recommendation:
Whether or not clinical commissioning groups apply fines, they should agree clear performance improvement plans with those trusts which fail to meet waiting time standards.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2015.

4.2 To allow more robust and timely intervention by commissioners, NHS England has streamlined the proposed arrangements within the NHS Standard Contract for 2015-16 for managing breaches of contractual requirements. Commissioners should decide locally how they use the contract management process and in what situations they agree Remedial Action Plans (RAPs) that set out improvements to be achieved and maintained, and timescales for each of these. Although commissioners should apply financial sanctions where breaches of the RTT standards exceed the thresholds, they do not always do so. NHS England will take action to ensure that CCGs understand the requirement to apply mandatory sanctions.

4.3 Additionally, where NHS trusts fail to achieve against a range of nationally mandated standards, including waiting times, the TDA requires them to agree a recovery plan setting out the actions to be taken and a clear recovery trajectory. TDA will monitor the plan as part of their monthly integrated delivery meetings with each Trust.

4.4 Monitor examines FT performance against elective waiting time standards. Where FTs fail to achieve standards, Monitor will work with them to understand how well the risks and issues are understood, and provide support to test their proposed recovery plans.

5: Committee of Public Accounts conclusion:
Too much stands in the way of patients making informed choices about their treatment.

Recommendation:
NHS England must work with clinical commissioning groups and trusts to make sure that patients are clear about their rights and responsibilities under the NHS Constitution.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2015.

5.2 To ensure the rights and responsibilities of the NHS Constitution are clear to patients and staff, NHS England is working with hospitals, Clinical Commissioning Groups and a range of partners on a programme for nurses called *'Compassion in Practice'* that champions the 6Cs (Care, Compassion, Competence, Communication, Courage, Commitment), in line with the values and behaviours set out in the Constitution.

5.3 NHS England is also working with commissioners, providers, GPs, patients and patient representative bodies across various programmes encompassing work on patients' NHS Constitution rights and responsibilities. These programmes are developing awareness amongst patients of their legal rights and responsibilities, and are also better embedding NHS Constitution rights in the systems and processes of NHS organisations.

5.4 NHS England has also commissioned work to review the provision of, and access to, sign services (British Sign Language) in primary care and to develop options for ensuring there is more systematic and consistent access to these services, using new technology where appropriate.

6: Committee of Public Accounts conclusion:
NHS England faces a challenge to gain acceptance for the new e-Referrals system, given the difficulties with Choose and Book.

Recommendation:
To realise the full benefits of e-Referrals, NHS England must develop clear plans for how it intends to build up confidence in and utilisation of the new system.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2017.

6.2 NHS England continues to work with the Health and Social Care Information Centre (HSCIC), the department and other NHS bodies via the NHS e-Referral Service Programme Board to deliver paperless referrals in the NHS by 2017. The HSCIC, in Partnership with NHS England, is working towards a successful go-live of the NHS e-Referral Service in spring 2015, and intensive user and partner testing is underway.

6.3 The new service will improve the quality of the referral experience for patients and better support current and future business processes for clinicians and administrative staff. In so doing, it will help create a more patient-centred, people-powered service, making the NHS much easier to do business with, and supporting the drive towards paperless referrals and a paperless NHS by 2018. The current focus of the programme is ensuring business continuity is maintained during the transition.

6.4 Support for existing users of the Choose and Book service continues via the HSCIC NHS e-Referral Service Programme Team. Nationally, utilisation has increased slightly in 2014/15, from 51% of GP referrals to first consultant outpatient services being made via Choose and Book in April 2014 to 53% in October.

Fifty Seventh Report of Session 2013-14

Ministry of Defence

The Ministry of Defence Equipment Plan 2013-2023 and Major Projects Report 2013

Summary of the Committee's conclusions

In February 2014, the department published its second annual statement on the affordability of the Defence Equipment Plan, which sets out its plans to deliver and support the equipment that the Armed Forces will need in the coming years. The Equipment Plan has a budget of £164 billion for the period 2013-2023, made up of £63 billion for equipment procurement, £87 billion for equipment support, £4.7 billion contingency and an unallocated budget of £8.4 billion. Each year, the department also presents a Major Projects Report to Parliament, which provides data on the cost, time and performance of the largest defence projects.

The NAO has reviewed the assumptions underlying the department's Equipment Plan and the data from the Major Projects Report. Together, the NAO's reports on the Equipment Plan and Major Projects Report aim to provide an informed basis for Parliament to examine how the department is managing the procurement and support of the UK's defence capability..

Background resources

- NAO report: *Major Projects Report 2013* - Session 2013-14 (HC 817-1)
- NAO report: *Equipment Plan 2013 to 2023* – Session 2013-14 (HC 816)
- PAC report: *Ministry of Defence Equipment Plan 2013-23 and Major projects Report 2013* Session 2013-14 (HC 1060)
- Treasury Minute: September 2013 (Cm 8900)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 8900), 3 recommendations were implemented. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
The department does not yet fully understand the reasons for the £1.2 billion under spend on its Equipment Plan in 2012-13.

Recommendation:
The department should establish processes to improve its data at project level, covering project progress and spending against forecast to understand the principal causes of any under or overspend on its Equipment Plan. The Committee expects the department to have this in place for its 2014-2024 affordability statement.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Defence Equipment and Support (DE&S) reporting process for Financial Year (FY) 2014-2015 is focussed on project level review. A revised monthly governance process has been implemented incorporating detailed reviews,, project level variance reporting, and from Operating Centre level through Domain Chief Financial Officers to the Director General Resources in the DE&S. This is supported by the roll-out of a reporting tool, Forecast Project Model, to facilitate analysis at project level. Commentary with the use of Forecast Project Model is a key enabler to enhanced root cause analysis of project spending.

3.3 The Cost Assurance and Analysis Service has undertaken a detailed independent review of the 21 major projects that exhibited the largest under-spending variations in FY12-13 and FY13-14 against the Planning Round 12 baseline. The review has indicated that these movements are the result of a wide variety of factors specific to the nature and management of the many projects which make up the Equipment Plan.

3.4 The main factors identified are:

- Project Teams allowing insufficient time to assemble the evidence required by the approvals process.
- Programme slippage and the performance of contractors.
- Genuine cost savings arising from robust negotiations with suppliers.
- Risk provision being retired when it emerges that it is no longer required.
- Accountabilities for financial management being unclear and a lack of capability to apply complex financial planning assumptions.
- A culture of overbidding for funding.

3.5 An equivalent analysis will be carried out on FY2014-15, as part of an ongoing programme of work to improve the Department's cost forecasting.

6: Committee of Public Accounts conclusion:
The affordability of the Equipment Plan relies on achieving significant savings in some of its major programmes.

Recommendation:
In its annual statement to Parliament on the affordability of the Equipment Plan, the department should report on its progress against its assumed efficiency savings in major programmes.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The department recognises that the continuing affordability of the Equipment Plan relies on achieving savings in some of its major programmes. The department included an update in its annual statement to Parliament on the affordability of the Equipment Plan published on 13 January 2015. The update sets out the department's progress against delivering savings in the most materiel military capability programmes. It also outlines the overall affordability of the Equipment Plan, highlighting where those savings have been assumed in budgets - for example: the Spending Review 13 Equipment Support Plan efficiency savings, the Submarine Enterprise Performance Programme, and the Complex Weapons Pipeline.

Fifty Ninth Report of Session 2013-14

Home Office / Ministry of Justice / Attorney General's Office

Criminal Justice System

Summary of the Committee's findings

The Criminal Justice System (CJS) is overseen by the Home Office, the Ministry of Justice and the Attorney General's Office, which oversees the Crown Prosecution Service (CPS). The CJS encompasses the police, prosecution, courts, prison, youth justice and probation services. Its objectives include: reducing crime and reoffending; punishing offenders; protecting the public; and increasing public confidence. In 2012-13, total expenditure by central Government was some £17.1 billion; but the estimated social and economic cost of crime is much greater, with organised crime alone costing at least £24 billion each year.

The CJS is currently undergoing comprehensive change, designed to improve the aspects the Government considers do not work well and to help make significant cost savings. The White Paper Transforming the CJS, published in June 2013, set out a two year programme of reform and contained a 64-point action plan. The White Paper recognised that the CJS remained cumbersome and slow, contained too many complex procedures and archaic working practices, and that there was a need for better collaboration between the various bodies involved.

Background resources

- NAO report: Criminal Justice System Landscape Review – Session 2013-14 (HC 1098)
- PAC report: Criminal Justice System – Session2013-14 (HC 1115)
- Treasury Minute up-date July 2014 (Cm 8900)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8900), 3 recommendations were implemented. 3 recommendations remained work in progress, of which 1 has now been implemented, as set out below.

2: Committee of Public Accounts conclusion:

The departments need to demonstrate a clearer link between their actions and the recent reduction in crime.

Recommendation:

The departments should write to the Committee in six months to update on progress against the 2013 White Paper action plan. The departments should undertake the research necessary to understand better the impact of their interventions on the fall in crime, to enable them to target their activity to maximum effect.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The department has written to the Committee with an update on the progress on actions against the 2013 White Paper action plan. The update to the Committee included a summary of the completed actions; explanations on outstanding actions; and those actions which have been superseded with actions in the updated implementation Strategy and Action Plan, published July 2014.

2.3 Research continues to be undertaken to gain a better understanding on the impact of intervention on the fall in crime and help inform policy.

3: Committee of Public Accounts conclusion:
Greater strategic alignment at top level is not matched at the front line.

Recommendation:
The departments need to develop their understanding of the interdependencies throughout the Criminal Justice System, communicate expectations to all and apply good practice at all levels.

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2017.

3.2 A conference to build local-central links, held in October 2014, was well attended by over 140 local criminal justice board members and representatives. The event comprised a range of cross agency workshops and market stalls highlighting CJ programmes and providing delegates with an opportunity to engage directly with programme and policy leads. The departments are developing the CJS Common Platform Programme (CJSCPP) - a technology enabled way of bringing essential information about crime together for use by criminal justice practitioners.

3.3 By 2017, the programme will deliver a unified way of working for HM Courts and Tribunals Service and Crown Prosecution Service staff and the wider participants in the criminal case management process. The programme aims to develop a single case management system (the Common Platform) allowing the sharing of evidence and case information across the criminal justice system, with all relevant parties able to access common data, eliminating paper processes. The unified digital case management system will enable practitioners within the CJS to simplify and improve the way they work through sharing data, eliminating re-keying, and ending duplication of effort across the criminal justice system.

5: Committee of Public Accounts conclusion:
The quality of police case files is poor and getting worse.

Recommendation:
The departments should build upon the actions in hand to address poor quality case files. The Criminal Justice Board should set priorities and develop metrics to monitor performance and drive constant standards, so they can identify the poor performers and target remedial action.

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2016.

5.2 A set of technical standards have been developed that define the data requirements for a Digital Case File content, equivalent to the "core" information required for a First Hearing. These are currently out with Force Areas for review. In parallel, force and CPS business process workshops are on-going to work through the business process changes required to implement the DCF Data Standards. This will support the delivery of a single digital file to be made available for all court users.

5.3 The National Policing lead and College of Police are collating the responses to the (second) annual Case Quality self-assessment and undertaking peer visits across the service during March 2015. National, strategic, cross agency issues affecting the effectiveness of the business (on case quality) will be reported on, managing the issues that arise collectively from the areas upwards (through a report with recommendations) back into the Steering group. Areas will continue to contribute to a toolkit of good practices and evidence which the College is developing and sharing. The focus is to account for, and improve, the maturity of the capability in Forces in case quality through working with, and supporting, our people without creating performance league tables.

Sixty First Report of Session 2013-14

Department for Education

Education Funding Agency and Department for Education 2012-13 financial statements

Summary of the Committee's findings

Since it was set up in April 2012, the Education Funding Agency (the Agency) has succeeded in getting money to schools, local authorities, colleges and other education providers on time. It needs to improve efficiency, transparency and accountability in the education sector, especially in respect of the growing number of academies. The Agency needs complete, accurate and timely data, such as on academies' finances, and needs to be more robust in relation to academies that fail to comply with financial reporting requirements. As the Department for Education itself acknowledged, where the Agency does have the data, it needs to be quicker and smarter at spotting risks and intervening quickly in cases of poor financial management and governance in academies, including free schools.

Background resources

- NAO report: Performance and capability of the Education Funding Agency – Session 2013-14 (HC 966)
- Department for Education: *Consolidated Annual Report and Accounts 2012-13* – Session 2013-14 (HC 49)
- PAC report: Education Funding Agency and Department for Education 2012-13 financial statements – Session 2013-14 (HC 1063)
- Treasury Minute: September 2014 (Cm 8938)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 8938), 3 recommendations were implemented and the department disagreed with 2 recommendations. 1 recommendation remained work in progress, which has now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
The Agency has not yet achieved an acceptable level of compliance with its reporting requirements

Recommendation:
The department and agency need to implement an effective joined up strategy for enforcing compliance with funding agreements and consider appropriate incentives and sanctions.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The academies 2013-14 financial statements were due at the end of December 2014 and an assurance plan has been implemented. Each statement is assessed and where risk is identified will be subject to a full review. Where the agency finds non-compliance with the Academies Financial Handbook, the Accounts Direction or the Funding Agreement, including the late submission of information, appropriate action will be taken in accordance with the agency's documented intervention process that is agreed with a cross-departmental team through Territorial Review Boards.

4.3 The agency has implemented and continues to develop its Risk Assessment Tool that draws on a range of data from a number of sources including the opinions of external auditors. To further improve risk assessment techniques, it is developing a Data Analytics system. This builds on the data in the Risk Assessment Tool. The first module of this product will be live in February 2015 and a finalised version will be live in August 2015.

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