



House of Commons
Committee of Public Accounts

Seventh Annual Report of the Chair of the Committee of Public Accounts

**Second Special Report of Session
2022–23**

*Report, together with formal minutes relating
to the report*

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The Committee of Public Accounts

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Second Special Report

On 6 June the Chair of the Committee published a report setting out her analysis of the challenges and opportunities across Whitehall, informed by the work of the Committee of Public Accounts (the Committee). The Chair's report is published as an appendix to this report.

Appendix: Seventh Annual Report of the Chair of the Committee of Public Accounts

1. Foreword

Welcome to my 7th annual report as Chair of the Committee of Public Accounts (the Committee).

This report covers the period that the country opened up after two years of lockdowns.

We have continued to monitor the money spent on Covid-19 although with increasing frustration that much of the money lost through fraud is unlikely to be recovered.

As well as Covid, the Committee has continued to focus on the implementation of Brexit and the business of government departments beyond the pandemic response.

The Committee's role is about examining spending and delivery of policy—the economy, efficiency and effectiveness—rather than questioning the policy itself.

The Committee has been focusing on Whitehall-wide issues which are too often not given enough attention in five-year political cycles such as digital change, evaluation of the impact of policies and the management of risk.

The Committee of Public Accounts is a team. Between us we represent four political parties but produce consensual reports to press for improvement in delivery and management of government contracts.

I particularly thank my deputy chair, Sir Geoffrey Clifton-Brown who, as well as being a great support personally, has pioneered a role that was only created in 2015. His work is now a model for other select committees.

Dame Meg Hillier MP

2. What needs to change

Week in, week out the Committee of Public Accounts examines individual government projects. But there are repeated problems which Whitehall must be better at addressing.

The disconnect between commissioning and delivery

This last year has seen an unprecedented turnover of ministers. Perhaps less commented on is the continuing churn in the civil service. Those involved in commissioning are rarely there long enough to see through to delivery. In my report I highlight the most glaring example – defence procurement. Defence stands out but it is not the only department with fast turnover or short serving project leaders.

We need better ownership of the whole process, and this cannot be achieved in a culture in which officials are constantly on the move. Officials also need to be properly trained to deliver each stage of the project which they are responsible for. As one frustrated minister said to me recently: “I cannot believe that I am dealing with a string of gentleman amateurs on such important and complex programmes.”

Technical capabilities

Despite all the rhetoric we still do not have the level of technical capability for our digital world. We have seen progress regarding financial qualification, but we still have a mountain to climb when it comes to securing digital and project management skills in Whitehall. Government is also competing with employers around the world keen to attract skilled digital specialists. Rules on Whitehall salaries can frustrate the delivery of critical major projects.

Fail fast

The mantra of the technology world is fail fast – a culture where error can be quickly acknowledged and rectified, where we learn from our mistakes. Whitehall too often clings to projects which have failed. I still see too much optimism bias in operation and the movement of staff means that this optimism is sometimes inherited by later programme leads who don't have a project overview.

Better understanding of risk

Benjamin Franklin famously said the only two certain things in life were death and taxes. For government we might add that it is certain that it will need to deal with uncertainty.

No one could predict the Covid-19 pandemic, but we could have been better prepared. The scale of the losses incurred in a panic response on issues such as PPE procurement are documented in this report. We need to learn the lesson that there is always unpredictability.

The military mantra is that no plan survives the battle, but never go into battle without a plan. Put simply we were unprepared. Whitehall is resistant to creating a Chief Risk Officer. We need to see a step change in Whitehall and among politicians about the value for spending to mitigate or be prepared for risk. Optimism bias creeps in here too – no-one thinks it will happen on their watch.

There is difference between risk and uncertainty. Risks can be calculated. Government is there to protect the citizen and is the provider or funder of last resort in uncertain

times. The banking crisis in 2008, the pandemic in 2020 and the energy crisis of 2021 are examples of where the risk management is largely outside the reach of Whitehall but where Government needs to step in.

Too often the civil service is focused on the task rather than the outcome. In the discussions about policy and delivery Whitehall is still more focused on the former. There is no real incentive for policy teams to ensure outcomes.

1 Risk management

1. Good risk management is essential to delivering high-quality public services.¹ Whitehall does not take its management of risk seriously enough. It must manage this better by dealing with known risks and being better prepared for uncertainty. I set out some major areas of risk which the Committee has examined. Departments have a golden opportunity to improve their approach to risk management by learning from the pandemic to realise operational efficiencies, deliver more effective services, and be better prepared in future.

Fraud and error

2. The Committee regularly sees high levels of fraud and error in the work of the Department for Work and Pensions (DWP), HM Revenue and Customs (HMRC), and what was the Department for Business, Energy and Industrial Strategy (BEIS). Government has seen increased levels of fraud and error since Covid-19, as it accepted a greater risk appetite to protect individuals and businesses. Some increase in fraud and error was an inevitable short-term consequence of providing support quickly, but Government is being too slow to recover taxpayer pounds lost. Whitehall departments have an opportunity to do better by the taxpayer by prioritising work to tackle current levels of fraud and error; improving how they measure fraud and error so we can be clearer about the extent of the problem and measures to tackle it; and planning and implementing better fraud and error safeguards.²

Department for Work and Pensions (DWP)

3. The DWP administers the State Pension and a range of benefits to around 20 million customers.³ In 2021–22, the DWP oversaw the highest level of benefit fraud and error since records began in 2005, as it relaxed its controls during the pandemic to cope with new claims.⁴ It overpaid an eye-watering £8.6 billion in benefits, £6.5 billion of which was due to fraud.⁵ The Committee has challenged the DWP on why benefit fraud remains so high, and on when it will return to pre-pandemic levels. The DWP needs to be transparent about the risks it is managing as it tries to recover its position, by establishing transparent forecasts and targets.⁶

1 HM Government, [The Orange Book: Management of Risk - Principles and Concepts](#), 29 May 2013.

2 See for example, Committee of Public Accounts, [The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system](#), Twenty-Sixth Report of Session 2022–23, HC 44, 9 November 2022; Committee of Public Accounts, [Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021–22](#), Forty-Fifth Report of Session 2022–23, HC 1254, 26 April 2023, pp 5–6 and Committee of Public Accounts, [HMRC performance in 2021–22](#), Thirty-Third Report of Session 2022–23, HC 686, 11 January 2023, pp 5–6

3 Committee of Public Accounts, [The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system](#), Twenty-Sixth Report of Session 2022–23, HC 44, 9 November 2022, p 9.

4 Committee of Public Accounts, [The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system](#), Twenty-Sixth Report of Session 2022–23, HC 44, 9 November 2022, p 9.

5 Committee of Public Accounts, [The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system](#), Twenty-Sixth Report of Session 2022–23, HC 44, 9 November 2022, p 3.

6 Committee of Public Accounts, [The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system](#), Twenty-Sixth Report of Session 2022–23, HC 44, 9 November 2022, p 3 and p 11.

HM Revenue & Customs (HMRC)

4. HMRC was responsible for delivering the Covid-19 employment support schemes to businesses and individuals during the pandemic.⁷ In November 2022, the Committee returned to examine these schemes, which cost £97 billion.⁸ HMRC implemented them quickly to provide timely and essential help to many, but had to reduce its compliance staffing to support Covid schemes and the level of fraud and error is high. The support for self-employed people left many unsupported while there was, in the end, unnecessary support for people who did not need it. HMRC estimates that total fraud and error across the lifetime of these schemes was £4.5 billion, although its estimate is highly uncertain.⁹ HMRC is forecasting that it will recover only a quarter (£1.1 billion) of the losses.¹⁰ It is vital that HMRC continues its compliance work to recover lost taxpayer money, where it is cost-effective to do so. It must also fully capture the successes and failures of these schemes, so it learns from them the next time a large-scale financial intervention is needed.

The Bounce Back Loan Scheme

5. Government introduced the Bounce Back Loan Scheme to provide businesses with loans to maintain their financial health during the pandemic.¹¹ In December 2022, the Committee revisited the performance of the scheme. Before the Department was restructured, BEIS made slow progress in addressing fraud on the Bounce Back Loan Scheme, and in December the Committee heard that of an estimated £2.2 billion lost to fraud and error, the Department had only recovered £10 million. Additionally, Government does not expect to recoup nearly £1 billion, mostly lost to error, in local authority administered grant payments.¹² BEIS did not liaise with the Cabinet Office counter-fraud function until well after the scheme launched. The National Investigation Service has been provided with £13.2 million for counter-fraud activities, much lower than the DWP's £613 million investment in counter fraud.¹³ It's encouraging that the Department seems to have learnt some lessons in designing the pandemic Recovery Loan Scheme and recent energy support schemes, but it is important that such lessons are bedded in for the long term, especially by the new departments which succeed BEIS.¹⁴

7 Committee of Public Accounts, [COVID employment support schemes](#), Fortieth Report of Session 2022–23, HC 810, 8 March 2023, p 3.

8 Committee of Public Accounts, [COVID employment support schemes](#), Fortieth Report of Session 2022–23, HC 810, 8 March 2023, p 3.

9 Committee of Public Accounts, [HMRC performance in 2021–22](#), Thirty-Third Report of Session 2022–23, HC 686, 11 January 2023.

10 Committee of Public Accounts, [HMRC performance in 2021–22](#), Thirty-Third Report of Session 2022–23, HC 686, 11 January 2023, pp 5–6.

11 C&AG's Report, [Investigation into the Bounce Back Loan Scheme](#), Session 2019–21, HC 860, 7 October 2020, pp 4–5.

12 Committee of Public Accounts, [Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021–22](#), Forty-Fifth Report of Session 2022–23, HC 1254, 26 April 2023, p 3.

13 Committee of Public Accounts, [Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021–22](#), Forty-Fifth Report of Session 2022–23, HC 1254, 26 April 2023, p 6 and Committee of Public Accounts, [The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system](#), Twenty-Sixth Report of Session 2022–23, HC 44, 9 November 2022, p 6.

14 Committee of Public Accounts, [Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021–22](#), Forty-Fifth Report of Session 2022–23, HC 1254, 26 April 2023, p 6.

Tax compliance

6. HMRC’s work to collect tax that is owed funds essential public services, but there a risk that the tax gap—the difference between taxes owed versus taxes paid—will grow. HMRC acted quickly to respond to the immediate needs of the pandemic, but in redeploying more than 4,000 compliance staff, yields inevitably dropped. HMRC generated £9 billion less in compliance yield over the two years (2020–22) compared with its performance before the pandemic. HMRC does not have clear compliance yield targets or sufficient capacity to support this important work. HMRC needs to take a range of steps to manage the risk of the tax gap growing, such as putting in place a contingency plan for bringing in additional compliance capacity. HMRC is recruiting and training new staff, and expects the number of compliance staff to increase by around 2,500 (10%) between 2021–22 and 2022–23. However, as the NAO has warned, new staff typically need up to four years to become fully effective.¹⁵

Energy crisis and inflation

7. In the wake of the pandemic, Government is managing a new set of crises at home – rising energy prices, inflation, and the associated cost-of-living pressures. All departments are dealing with inflationary pressures, even those where budgets have increased. For example, NHS England (NHSE), which received additional funding in the November 2022 Autumn Statement of £3.3 billion in each of the next two years.¹⁶ Despite this injection of funds it still needs to manage the uncertain impact of inflation, industrial action and pay increases. NHSE lists inflation as a continuing risk to its pandemic recovery plans.¹⁷ NHSE needs to be clearer on what additional outcomes are being achieved as a result of this extra money.

The environment and net zero

8. Whitehall has a connected set of challenges – providing energy security, safeguarding the environment, and delivering net zero by 2050. It needs an integrated and long-term approach to manage the risks associated with these goals, but its approach is too piecemeal. For example, Government does not know how much public money is spent on addressing air quality across departments, which is a barrier to joined-up and cost-effective management of this risk.¹⁸ Government is also managing significant risks in the transition to clean electricity. At the Committee’s hearing in March, the Department for Energy Security and Net Zero told us that they had a number of plans in place, but the Committee is concerned that without an overarching strategy, the Government’s target to decarbonise the power sector by 2035 is at risk.¹⁹

15 Committee of Public Accounts, [Managing tax compliance following the pandemic](#), Forty-Ninth Report of Session 2022–23, HC 739, 3 May 2023, pp 3–7.

16 HM Treasury, [Autumn Statement 2022](#), accessed May 2023.

17 Committee of Public Accounts, [Managing NHS backlogs and waiting times](#), Thirty-Eighth Report of Session 2022–23, HC 729, 1 March 2023, pp 8–10.

18 Committee of Public Accounts, [Tackling local air quality breaches](#), Twenty-Second Report of Session 2022–23, HC 37, 26 October 2022, p 3.

19 Committee of Public Accounts, [Oral evidence: Decarbonising the power sector](#), HC (2022–23) 1003, 23 March 2023, Qq 23–25.

Procurement

9. In 2019–20, the Government spent about £224 billion with external providers covering a broad range of goods and services.²⁰ When government outsources, it is still accountable for the value for money of the goods and services. It must manage this risk better. The Committee’s past work looking at the Ministry of Justice’s Transforming Rehabilitation programme is a case in point. The Committee laid bare the issues with this public procurement disaster, which was intended to revolutionise delivery of probation services.²¹ In June 2020, not long after our last session on the programme, the then Lord Chancellor announced that probation services would return to public sector control.²² More recently we continue to examine the Emergency Services Network, a Home Office programme to replace the system by which our emergency services communicate with each other. Previous poor procurement created additional risks to a complex technology programme. The programme is currently replacing one of its main contractors and if procurement or delivery is rushed this will create new risks as the Home Office seeks to finally deliver the programme at least six years late, and at least £2 billion over budget²³

Public procurement and the Covid-19 pandemic

10. The Committee’s wide-ranging experience of examining contracts for public services came into its own during the pandemic, amidst personal protective equipment (PPE) and other procurement scandals. Clearly there were different rules during the pandemic emergency, but at such a time it is more important, not less, to keep proper records. Government does not have the licence to act fast and loose with procurement processes because of a crisis. Taxpayers have the right to know how their money is being spent.

11. The Committee held its first pandemic-focused session in June 2020 on the whole of Government’s response to the pandemic, where the Committee saw fundamental flaws in Government’s centralised procurement of essential goods.²⁴ The Committee followed with inquires on opaque areas of performance, including the outsourcing of vital equipment and services – from Government contracts with Edenred for free school vouchers during lockdown, to Government’s procurement of PPE.²⁵

12. The Department for Health and Social Care’s (DHSC’s) 2021–22 annual report and accounts, which the Committee has recently examined, sets out the extraordinary cost of wasted expenditure on PPE and related Covid-19 expenditure, which comes to £14.9 billion across the last two years.²⁶ As Government tries to balance the books, this waste is especially sobering. Whitehall needs to learn about how to procure during a crisis in a way that better protects the taxpayer.

20 HM Treasury, [Whole_of_Government_Accounts_2019–20](#), 6 June 2022.

21 Committee of Public Accounts, [Fourth Annual Report of the Chair of the Committee of Public Accounts](#), Third Special Report of Session 2017–19, HC 2370, 27 June 2019, pp 10–11.

22 Ministry of Justice and HM Prison and Probation Service, [Government to take control of unpaid work to strengthen community sentences](#), accessed May 2023.

23 C&AG’s Report, [Progress with delivering the Emergency Services Network](#), Session 2022–23, HC 1170, 8 March 2023, p 4 and p 17.

24 Committee of Public Accounts, [Whole of Government Response to COVID-19](#), Thirteenth Report of Session 2019–21, HC 404, 23 July 2020, p 6.

25 Committee of Public Accounts, [COVID 19: the free school meals voucher scheme](#), Forty-First Report of Session 2019–21, HC 689, 5 February 2021 and Committee of Public Accounts, [COVID-19: Government procurement and supply of Personal Protective Equipment](#), Forty-Second Report of Session 2019–21, HC 928, 10 February 2021.

26 Department of Health and Social Care, [DHSC annual report and accounts: 2021 to 2022](#), 26 January 2023.

13. Between March 2020 to December 2021, Government awarded 22 contracts to Radox (or its strategic partner Qnostics Ltd) for its testing services, worth a maximum total value of £776.9 million. The Committee’s inquiry into these contracts found numerous issues with the first contract – failures in basic record-keeping; gaps in conflict-of-interest declarations; and wider procurement issues, such as a lack of senior scrutiny and sign-off. The DHSC also marked supplier offers as ‘VIP’ if they had been referred from ministers, MPs, or Number 10. These priority suppliers received £6 billion of the £7.9 billion of testing contracts awarded between May 2020 to March 2021.²⁷ The PAC has been asked by Parliament to examine the papers relating to government contracts for the supply of PPE by PPE Medpro which secured two contracts worth a combined value of over £200 million and is now the subject of an investigation by the National Crime Agency into potential fraud.²⁸

Disease prevention

14. The UK faces a significant and ongoing threat from animal diseases, such as Bovine Tuberculosis, which the Covid-19 pandemic brought into sharp focus. Government’s management of the threat from animal diseases is inadequate and not in line with the scale of the risk.

15. Last year, the Committee looked at the Department for Environment, Food & Rural Affairs’ (Defra) programme to redevelop its animal health infrastructure. Defra had permitted the Weybridge site—the UK’s main science capability for managing threats from animal diseases—to deteriorate to an unacceptable level. The site is vulnerable and would struggle to respond to a high category disease outbreak. Government cannot allow the site to continue to languish. The Committee has pressed Defra to improve its management of the Weybridge redevelopment programme through putting in place the right staffing capacity and capability.²⁹

27 Committee of Public Accounts, [Government’s contracts with Radox Laboratories Ltd](#), Seventeenth Report of Session 2022–23, HC 28, 27 July 2022, p8 and p11.

28 For the Humble Address directing the PPE Medpro papers to be provided to the Committee, see the [Votes and Proceedings Tuesday 6 December 2022](#), accessed May 2023; House of Commons Library, [Opposition day debate: Government PPE contracts](#), accessed May 2023 and [Letter from Will Quince MP to PAC Chair Dame Meg Hillier regarding Government Personal Protective Equipment \(PPE\) contracts](#), dated 19 December 2022.

29 Committee of Public Accounts, [Redevelopment of Defra’s animal health infrastructure](#), Twenty-Fourth Report of Session 2022–23, HC 42, 16 November 2022.

2 Protecting citizens and taxpayers

16. The Committee of Public Accounts looks at where and how people are being let down by Government and its agencies which need to do better by the citizens whose taxes fund them.

Fraud and error

Fraud against businesses and individuals

17. Fraud, against both businesses and individuals, is a serious and growing problem in the UK. It was the single largest category of crime in the year ending June 2022, representing 41% of all crime, compared with 30% in the year ending March 2017. The impact of fraud on the 3.8 million victims, their families, and communities can be significant and long-lasting, affecting their physical and mental wellbeing.³⁰

18. The Committee reported on this in March and was disappointed with the lack of progress since our last report in 2017. Government has an opportunity to do much better by the victims of fraud straight away, for example, by improving communications with victims so they feel supported. The Home Office also needs to lead an effective system level approach: sectors such as banking and technology have a vital role to play in designing out opportunities for fraud, but the Home Office's reliance on voluntary charters does not do enough, and the Committee was concerned progress is slow and inconsistent.³¹

Fraud and error in public services

19. Departments across Whitehall are contending with greater levels of fraud and error than before the pandemic. Government's annual reports and accounts estimate fraud against the taxpayer rose from £5.5 billion in total over the two years before the pandemic (2018–20) to £21 billion in total over the two years since the start of the pandemic (2020–22).³² Departments have a duty to recover taxpayer money lost to fraud and error and prevent it in the future. With cost-of-living pressures being keenly felt and inflation hitting departmental spending power, any funds they recover would be a welcome contribution to delivering public services.³³

20. But as Whitehall works to recover the money lost, it must also treat individuals fairly and with humanity. The Committee sees the potential for some approaches to adversely affect more vulnerable individuals. For example, the Department for Work and Pensions' (DWP's) counter-fraud strategy uses data analytics and machine learning to identify possible instances of fraud. The Committee has asked the DWP to report annually to Parliament on the impact of data analytics on protected groups and vulnerable claimants.³⁴

30 Committee of Public Accounts, [Progress Combatting Fraud](#), Forty-Third Report of Session 2022–23, HC 40, 31 March 2023, p 5.

31 Committee of Public Accounts, [Progress Combatting Fraud](#), Forty-Third Report of Session 2022–23, HC 40, 31 March 2023, p 3 and p 7.

32 C&AG's Report, [Tackling fraud and corruption against government](#), Session 2022–23, HC 1199, 30 March 2023, p 4.

33 Committee of Public Accounts, [Fifth Annual Report of the Chair of the Committee of Public Accounts](#), First Special Report of Session 2021–22, HC 222, 28 May 2021, p 8.

34 Committee of Public Accounts, [The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system](#), Twenty-Sixth Report of Session 2022–23, HC 44, 9 November 2022, p 7.

21. Whitehall needs to do more on prevention and rely less on recovering money later. Corrective action can be difficult, and individuals can suffer significant hardship when they receive an incorrect payment, such as an underpayment in their state pension. The DWP estimates that as many as 237,000 pensioners were underpaid a total of £1.46 billion in their state pension. The Committee has persisted in raising concerns about the deliverability of the DWP's plans to fix this as many pensioners continue to wait, and some have died waiting.³⁵

Backlogs

22. Backlogs still plague many public services, with significant consequences for the people who use them. Long waits for NHS elective care, cancer treatment and court cases are some of the most visible, but the public have also faced unacceptable delays for basic services, such as passport and medical driving licence renewals. The pandemic was a major factor in escalating backlogs, but backlogs in the courts and the NHS were significant before Covid-19.

Elective and cancer care waiting times

23. The Department for Health and Social Care (DHSC) has overseen worsening waiting times for elective care since 2016, and cancer care since 2014.³⁶ The NHS entered the pandemic on the backfoot and continues to suffer the consequences. In August 2022, the number of patients waiting for elective care reached seven million and, in the first five months of 2022–23, the number of cancer patients who did not receive their first treatment withing the standard 62-day target was 27,000.³⁷ The NHS published its recovery plan in February 2022 and received £14 billion in extra funding to tackle the backlogs through to 2024–25.³⁸ But the Committee has warned that the plans to increase elective activity to 130% of 2019–20 levels by 2024–25 are over-optimistic as the NHS runs up against workforce challenges and inflationary pressures.³⁹

Passport renewals

24. In 2022, hundreds of thousands of people experienced long delays when renewing their passports. Despite HM Passport Office (HMPO) identifying that the easing of lockdown measures would cause a spike in demand, it failed to prevent delays. HMPO estimates that 360,000 people experienced waits of longer than 10 weeks between January and September 2022. Customers were not informed about progress, which caused confusion and frustration, and MPs' inboxes were filled with cases from individuals who could not get clear information about their application. The Committee heard of cases

35 Committee of Public Accounts, [The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system](#), Twenty-Sixth Report of Session 2022–23, HC 44, 9 November 2022, p 7 and p 19.

36 Committee of Public Accounts, [NHS backlogs and waiting times in England](#), Forty-Fourth Report of Session 2021–22, HC 747, 16 March 2022, p 3.

37 C&AG's Report, [Managing NHS backlogs and waiting times in England](#), Session 2022–23, HC 799, 17 November 2022, p 4.

38 NHS England, [Delivery plan for tackling the COVID-19 backlog of elective care](#) 8 February 2022; and Committee of Public Accounts, [NHS backlogs and waiting times in England](#), Forty-Fourth Report of Session 2021–22, HC 747, 16 March 2022, p 3.

39 C&AG's Report, [Managing NHS backlogs and waiting times in England](#), Session 2022–23, HC 799, 17 November 2022, p 3.

where constituents missed funerals, job opportunities, and all manner of other major life events.⁴⁰ Basic improvements in public messaging and customer service could have managed expectations better and avoided a panic.

DVLA backlogs

25. Customers of the Driver and Vehicle Licensing Agency (DVLA) also experienced serious delays after the pandemic, and while for most customers the backlogs were cleared by mid-2020, those applying for medical driving licenses fared less well. Most medical licence applications are processed on paper-based systems, with about 89% of medical applications starting on paper. Between April 2020 and September 2022, 36% of DVLA medical licensing decisions took longer than 90 working days, and 6% took longer than 250.⁴¹ The Committee received scores of submissions from DVLA customers, some of whom had lost jobs or income, were immobile when unable to drive, could not hire vehicles, or were unable to arrange insurance.⁴²

Other service delivery challenges

Housing

Housing conditions

26. The UK is in the depths of a housing crisis, with both the quality and supply of housing seriously inadequate. Many people in social housing and private rental accommodation live in unacceptable conditions, where their homes have damp, mould, poor insulation, and basic repairs are not dealt with. These issues are widespread and made worse by overcrowding. In January 2023, the Committee took evidence from the Department for Levelling-Up Housing and Communities (DLUHC) on these issues.⁴³

Affordable housing

27. There is also a lack of affordable housing against even the government's own targets. The DLUHC is forecasting a shortfall of 32,000 new homes compared to targets for its 2016 and 2021 Affordable Homes Programmes.⁴⁴ Within these programmes, a number of homes are designated for social rent, which is the most affordable for tenants; and the type of tenure most needed.⁴⁵ While Homes England told us it is forecast to achieve its target for 33,500 homes for social rent under the 2021 programme, the changing and multiple definitions of what is affordable housing are not matched with the reality of household incomes and demand. Many housing providers are not building in the areas of greatest

40 Committee of Public Accounts, [Investigation into the UK Passport Office](#), Forty-Seventh Report of Session 2022–23, HC 738, 6 April 2012, p 3 and p 4.

41 C&AG's Report, [Investigation into the management of backlogs in driving license applications](#), Session 2022–23, HC 851, 4 November 2022, p 6 and p 11.

42 Committee of Public Accounts, , [Driving License Backlogs at the DVLA](#), Forty-First Report of Session 2022–23, HC 735, 17 March 2023, p 3.

43 Committee of Public Accounts, [Oral evidence: DLUHC Recall: Homes data, Local economic growth, Local Government funding settlement](#), HC (2022–23) 1053, 23 January 2023, Qq 32–38.

44 Committee of Public Accounts, , [The Affordable Homes Programme since 2015](#), Twenty-Ninth Report of Session 2022–23, HC 684, 7 December 2022, p 7.

45 Committee of Public Accounts, , [The Affordable Homes Programme since 2015](#), Twenty-Ninth Report of Session 2022–23, HC 684, 7 December 2022, p 10.

need and local authorities have little power to influence the type of homes that providers build. The Committee has called on the DLUHC to consider how it can take greater account of local need in its Affordable Homes Programme.⁴⁶

Building safety

28. Almost six years on from Grenfell, in September 2022, there were still 24 buildings where no work had started on removing the most dangerous cladding; of these, two were vacant. This is unacceptably slow progress. Many residents' lives are on hold, stuck in flats they cannot sell because of dangerous cladding.⁴⁷ In January 2023, the Secretary of State for Levelling Up, Housing and Communities announced that developers had been sent a contract requiring them to repair unsafe buildings and reimburse taxpayers.⁴⁸ The Committee continues to work with our sister Levelling Up, Housing and Communities Committee to challenge the government on this issue.⁴⁹

Health and social care

29. DHSC and NHS England are contending with significant workforce challenges, backlogs, increasing demand for health and social care services, and a deteriorating estate.⁵⁰ The DHSC and NHS England need to show clear leadership and long-term thinking so that other work—to prevent ill-health and improve mental health support—is given due attention.

30. In July 2022, Government established Integrated Care Systems (ICSs), the latest in a long line of attempts to improve local integration of health and care services.⁵¹ Government intends that ICSs will support better health outcomes, better joining up of local services, and better focus on long-term preventative measures.⁵² Population health outcomes vary widely across ICSs and people will suffer the consequences if this longer-term work on prevention is neglected. For example, under-75 cancer mortality rates vary in ICSs between 102 to 152 deaths per 100,000 people, compared with 125 nationally.⁵³

Education

31. A whole generation of school children had their education severely disrupted by the pandemic. The Department for Education (DfE) announced £4.9 billion of funding to address learning loss and support education recovery, the majority of which (£3.5 billion) is for recovery interventions in schools including the tutoring programme and

46 Committee of Public Accounts, [The Affordable Homes Programme since 2015](#), Twenty-Ninth Report of Session 2022–23, HC 684, 7 December 2022, p 5.

47 Committee of Public Accounts, [Oral evidence: DLUHC Recall: Homes data, Local economic growth, Local Government funding settlement](#), HC (2022–23) 1053, 23 January 2023, Qq 6–31.

48 Department for Levelling Up, Housing and Communities, [Six weeks for developers to sign contract to fix unsafe buildings](#), accessed May 2023.

49 [Correspondence from Meg Hillier MP to Jeremy Pocklington CB, relating to follow ups after evidence session 6 July](#), dated 30 August 2022.

50 Committee of Public Accounts, [Managing NHS backlogs and waiting times](#), Thirty-Eighth Report of Session 2022–23, HC 729, 1 March 2023.

51 NHS England, [Integrated Care](#), accessed May 2023.

52 Committee of Public Accounts, [Introducing Integrated Care Systems](#), Thirty-Fifth Report of Session 2022–23, HC 47, 8 February 2023, p 3.

53 C&AG's Report, [Introducing Integrated Care Systems: joining up local services to improve health outcomes](#), Session 2022–23, HC 655, 14 October 2022, p 65.

per-pupil catchup funding. But the gap between advantaged and disadvantaged pupils has increased since before the pandemic, and Department has a lot of work to do to get back to pre-pandemic levels. Disadvantaged pupils and children in certain parts of the country are further behind in making up for lost learning. Pupils in the north of England have consistently seen the greatest levels of learning lost. Meanwhile, research for the DfE found that disadvantaged secondary pupils were 2.4 months behind where they were expected to be in reading, compared with 1.2 months for all secondary pupils.⁵⁴ The DfE has a responsibility to these children, and wider society, to stay focused on addressing learning loss.

Energy, the environment, and net zero

32. Government acknowledges its duty to safeguard the environment and provide sustainable energy for current and future generations. Individuals will otherwise bear the cost through detrimental effects on their health, exorbitant energy bills, and extreme weather events.⁵⁵ Taxpayers need to know how these risks are being managed. The Committee's work highlights the need for more transparency, urgency, and cross-government action to manage the value for money risks in this area.

33. For example, it is far too difficult to find information on local air quality and what is being done to address problems. The Government's main source of public information on air quality, the UK Air website, is incomprehensible to the average member of the public.⁵⁶ The Government also lacks clear standards for measuring and reporting progress on public sector carbon emissions, which undermines its ability to be transparent and accountable to the public and Parliament.⁵⁷ And, as discussed above, it is concerning that Government lacks an overarching strategy for decarbonising the power sector, despite the looming 2035 target.⁵⁸

Employment skills and support

Workforce skills

34. Supporting individuals to work and develop their skills is essential to effective workplaces and a thriving economy. Yet, the Committee's work on workforce skills shows that government support is inadequate and not keeping up with social and economic changes. For individuals and employers, the range of Government skills programmes is hard to navigate. The number of people participating in government-funded further education and skills training has dropped sharply over the last decade. People in disadvantaged areas are missing out the most. Participation in government-funded further education and skills training in the 20% most disadvantaged areas of England fell by 39%

54 C&AG's Report, [Education recovery in schools in England](#), Session 2022–23, HC 1081, 1 February 2023, p 5 and p 11.

55 HM Government, [Net Zero Strategy: Build Back Greener](#), accessed May 2023.

56 Committee of Public Accounts, [Tackling local air quality breaches](#), Twenty-Second Report of Session 2022–23, HC 37, 26 October 2022, p 5.

57 Committee of Public Accounts, [Measuring and reporting public sector greenhouse gas emissions](#), Twenty-Third Report of Session 2022–23, HC 39, 2 November 2022, p 3.

58 Committee of Public Accounts, [Oral evidence: Decarbonising the power sector](#), HC (2022–23) 1003, 23 March 2023 Qq 23–25.

between 2015–16 and 2020–21. Citizens and employers need the Government to step up by streamlining the number of skills programmes, and better incentivising employers to spend money on workforce training.⁵⁹

Unemployment support

35. The pandemic had a huge effect on the UK’s labour market. Government put in place a programme of employment support initiatives to prevent long-term unemployment.⁶⁰ However, Government needs to understand the claimants it supports to better provide the right help. The DWP’s Restart Scheme cost more per person than intended, partly because the economy performed better than expected, but also because the Department didn’t not accurately predict how many claimants would go into the scheme. Work coaches’ knowledge about claimants is inconsistently recorded, often in free-form text, making it difficult to collate information and use it to design schemes. Furthermore, many claimants were not put on the scheme due to complex barriers, for example homelessness, child support, or mental health, and many of these barriers may be better addressed through means other than employment support. The Government must do more to use its knowledge of claimants effectively, and across departments to deliver appropriate support.⁶¹

Criminal justice

36. Government is falling short in providing timely access to justice and protecting the public. The Covid-19 pandemic put immense strain on an already stretched justice system; backlogs in the criminal courts are just one symptom. The Ministry of Justice (MoJ) has major projects underway to improve the efficiency and effectiveness of many of its services, which should support Covid-19 recovery, but it is struggling to deliver these ambitions.

37. In March 2023, the Committee returned to examine HM Courts and Tribunal’s (HMCTS) much-delayed court transformation programme, which aims to improve people’s experiences of the courts by introducing new technology and working practices. These changes are crucial to addressing court backlogs and building a more resilient system, but HMCTS has rushed to introduce reforms following years of delay. Its new case management system for the criminal courts is beset with issues, so it is hindering rather than helping court staff trying to do their job.⁶² The public has not been fully protected: 35 criminals were not fitted with electronic tags because of IT failures.⁶³ There remain concerns over whether HMCTS can achieve the planned benefits of the programme.⁶⁴

59 Committee of Public Accounts, [Developing workforce skills for a strong economy](#), Thirtieth Report of Session 2022–23 HC 685, 14 December 2022, pp 3–6.

60 For example, Committee of Public Accounts, [DWP Employment support](#), Fifteenth Report of Session 2021–22, 8 September 2021, HC 177.

61 Committee of Public Accounts, [The Restart Scheme for long-term unemployed people](#), Forty-Second Report of Session 2022–23, HC 733, 22 March 2023, pp 3–8.

62 Committee of Public Accounts, [Oral evidence: Court Reform](#), HC (2022–23) 1002, 30 March 2023 and C&AG’s Report, [Progress on the courts and tribunals reform programme](#), Session 2022–23, HC 1130, 23 February 2023, pp 5–9.

63 The Committee received assurance from HM Courts and Tribunals that “no further offences were committed for the period that defendants or offenders were untagged”. [Correspondence from Nick Goodwin, Chief Executive, HM Courts and Tribunals Service to Meg Hillier MP](#), dated 17 March 2023.

64 C&AG’s Report, [Progress on the courts and tribunals reform programme](#), Session 2022–23, HC 1130, 23 February 2023, p 9.

38. But there is cause for hope. Last year, the Committee looked at the MoJ's disappointing lack of progress in delivering its 2018 Female Offender Strategy, which was well-intentioned but hadn't been prioritised. Women in the justice system are some of the most vulnerable in society, but had been let down by MoJ's failure to give due attention to its strategy to improve outcomes for women in the criminal justice system. The Committee pushed for fresh impetus and direction.⁶⁵ In January 2023, MoJ published a new female offender strategy delivery plan, which included a commitment to providing guidance and training for staff working with ethnic minority women and an evidence review into how they experience disparities within the criminal justice system.⁶⁶

65 Committee of Public Accounts, [Improving outcomes for women in the criminal justice system](#), Fifty-First Report of Session 2021–22, HC 997, 28 April 2022, pp 3–8.

66 Ministry of Justice, [Female Offender Strategy Delivery Plan 2022–25](#), 31 January 2023.

3 Resilience

39. In the drive for savings, spend on resilience (spending for an event which you hope will never happen) dropped dangerously low.⁶⁷ The fallout from Covid-19 shows the symptoms of a fragile public sector, as Whitehall manages systemic challenges relating to workforce capacity and capability, digital transformation, legacy IT, data, evaluation, and local government finances and audit. This section sets out these areas of poor resilience, highlighting the opportunities for government to turn things around.

Workforce

Health and social care workforce

40. The NHS will be unable to deal with its backlogs if longstanding workforce issues are not resolved. In 2021, the Committee saw that despite growing pressures on the NHS, there has been virtually no growth in the number of nurses employed since 2010, and the number of beds available had dropped.⁶⁸ The Government has committed to publish an NHS workforce plan in 2023, but we need a comprehensive and realistic strategy based on these projections as soon as possible.⁶⁹ Lack of hospital staff puts more pressure on other frontline services like GPs, while those unable to get GP appointments are more likely to go to A&E.

41. Alongside the NHS backlog is the crisis in social care provision. It is cheaper to treat people in their own homes than in a hospital, and where patients can be discharged to social care, they free up much needed beds for other patients. However, the workforce problems in social care are acute, with vacancies growing by 50% in the last year and the number of people employed in social care dropping in 2021–22 for the first time in ten years.⁷⁰ The NHS backlog will not be solved unless the social care one is too.

Digital skills

42. Departments are struggling to recruit the digital specialists they need. Digital skills are highly sought-after, and Whitehall is competing with the private sector to expand its digital workforce. For instance, the Ministry of Defence (MoD) is attempting to implement a new wide-ranging digital strategy but cites serious skills shortages as a barrier to delivery. It faces an uphill challenge due to the locations of some of its workplaces, difficulties competing with private sector pay, and lengthy security clearances.⁷¹ The Department for Environment, Food & Rural Affairs (Defra) is struggling to attract talent for its programme to overhaul its digital estate, with 31% of Defra's data and technology

67 Committee of Public Accounts, [Sixth Annual Report of the Chair of the Committee of Public Accounts](#), First Special Report of Session 2022–23, HC 50, 26 May 2022, p 3.

68 Committee of Public Accounts, [NHS backlogs and waiting times in England](#), Forty-Fourth Report of Session 2021–22, HC 747, 16 March 2022, p 11.

69 Committee of Public Accounts, [Managing NHS backlogs and waiting times](#), Thirty-Eighth Report of Session 2022–23, HC 729, 1 March 2023, pp 5–7, and House of Commons Library, [The NHS workforce in England](#), 12 May 2023.

70 Committee of Public Accounts, [Introducing Integrated Care Systems](#), Thirty-Fifth Report of Session 2022–23, HC 47, 8 February 2023, p 6.

71 Committee of Public Accounts, [The Defence digital strategy](#), Thirty-Sixth Report of Session 2022–23, HC 727, 3 February 2023, pp 3–6.

recruitment campaigns failing between October 2021 and October 2022.⁷² The Government needs to be more creative by using pay-scales, training, and fast-stream schemes, among other solutions, to get the expertise it needs.

Recruitment and retention in a competitive market

43. Government must also address how it recruits and retains the skilled staff it needs in today's competitive market. Too often, skills are lost in the name of efficiencies or reductions in civil service headcount, only for Government to struggle to attract them again in the future. For instance, in 2017 Government sold off the Green Investment Bank before fully assessing its impact, but it is now setting up the UK Investment Bank (UKIB) to fulfil a comparable (albeit slightly broader) function.⁷³ At the time of the Committee's report, UKIB was approaching 18 months into its life but was still behind plan in its recruitment, with only 16 permanent staff in post against a target of 270 by September 2023.⁷⁴

44. The problem is not just about numbers, but about attracting staff with the right skills. For example, the UKIB told us it will need a team of around 70 bankers before it can expand its operation to more complex projects.⁷⁵ Until then, the lack of skills is holding back the potential of this institution. The Committee saw comparable recruitment issues in the Department for Education's (DfE's) Unit for Future Skills which, at the time of the hearing, had only 18 staff (far below complement), with the DfE telling us that it has struggled to recruit the skilled analysts it needs to reach its full potential.⁷⁶

45. Even sectors which are not struggling with raw numbers can struggle to deploy staff effectively. For example, when the Committee looked at the Home Office's Police Uplift Programme, the Committee welcomed that it was on track to meet its recruitment target of 20,000 new officers. However, the Home Office was relying on an old training framework and assigning officers to different geographic areas based on out-of-date models, resulting in some areas getting more officers compared to 2010, and others getting far fewer.⁷⁷ And the new officers lacked the experience of those they were replacing - underlining the risk of "seesaw" funding - cuts followed by recruitment does not mean a like-for-like replacement of the necessary experience and skills.

Leadership capability

46. Senior leaders need the right combinations of professional skills—commercial, financial, and project management—to oversee the complex programmes they are responsible for. These skills are sometimes lacking, an issue exacerbated by staff churn.

72 Committee of Public Accounts, [Tackling Defra's ageing digital services](#), Fifty-First Report of Session 2022–23, HC 737, 10 May 2023, p 6.

73 Committee of Public Accounts, [The Sale of the Green Investment Bank](#), Twenty-Fifth report of Session 2017–19, HC 468, 14 March 2018, p 3 and Committee of Public Accounts, [The Creation of the UK Investment Bank](#), Thirty-Fourth report of Session 2022–23, HC 45, 25 January 2023, p 10.

74 Committee of Public Accounts, [The Creation of the UK Investment Bank](#), Thirty-Fourth report of Session 2022–23, HC 45, 25 January 2023, p 6.

75 Committee of Public Accounts, [The Creation of the UK Investment Bank](#), Thirty-Fourth report of Session 2022–23, HC 45, 25 January 2023, p 11.

76 Committee of Public Accounts, [Developing workforce skills for a strong economy](#), Thirtieth report of Session 2022–23, HC 685, 14 December 2022, p 15.

77 Committee of Public Accounts, [The Police Uplift Programme](#), Fifteenth Report of Session 2022–23, HC 261, 22 July 2022, p 3, pp 10–11 and p 15.

The Committee's scrutiny of major defence equipment projects has highlighted issues with Senior Responsible Owners (SROs) not feeling competent in managing suppliers effectively, and major programmes such as Ajax have suffered from poor project management. The National Audit Office's analysis of the median time in post for an SRO at the MoD was 22 months, much lower than the average programme length of 77 months.⁷⁸

47. Moreover, many pressing issues facing the country require leaders to work across departmental boundaries. For example, several major departments hold responsibility for supporting vulnerable children and adolescents. For example, the DfE is responsible for children's services and education, but the Department for Levelling-Up Housing and Communities (DLUHC) provides most children's social care, and the Department for Health and Social Care sets guidance for children's and young people's mental health services. While the DfE has the ultimate responsibility for ensuring vulnerable young people are not left behind, they are struggling to ensure effective leadership over a disparate set of services.⁷⁹

Digital transformation

48. Too many departments are getting by on outdated IT systems. In 2021 the Cabinet Office estimated almost 50% of Government IT spend is used 'keeping the lights on' maintaining old systems.⁸⁰ The Committee has seen the enormous costs of rectifying this. The MoD estimates it will need to spend £11.7 billion over ten years to update its systems; and in 2020 Defra estimated it needed £726 million to tackle its legacy IT estate.⁸¹

49. Alongside legacy IT, departments continue to use inefficient paper-based systems. During the summer peak in Passport Office demand, the failure of an IT system caused 134,000 applications to be moved to a paper-based system, and at the Driver and Vehicle Licensing Agency much of the medical licensing process still relies on paper forms.⁸² In Defra, only around one-third of the Department's 21 million yearly customer transactions are fully digitised, and Defra employs more than 500 staff in contact centres to assist service users at huge expense to the taxpayer.⁸³

50. Many departments have work underway to transform their digital services, but the Committee has seen numerous issues with bringing new systems online. For example, Defra plans to digitise its top 20 services, but this work is not yet funded, and while the MoD has developed a digital strategy for defence, it does not have a delivery plan to track and measure its performance. The MoD is also struggling to deliver its largest digital

78 Committee of Public Accounts, [Improving the performance of major defence equipment contracts](#), Twenty-Second Report of Session 2021–22, HC 185, 3 November 2021, pp 16–17; Committee of Public Accounts, [MoD Equipment Plan 2022–2023](#), Forty-Eighth Report of Session 2022–23, HC 731, 19 April 2023, p 10.

79 Committee of Public Accounts, [Support for Vulnerable Adolescents](#), Thirty-Seventh Report of Session 2022–23, HC 730, 22 February 2023, p 5.

80 Cabinet Office, [Organising for Digital Delivery](#), accessed May 2023.

81 Committee of Public Accounts, [The Defence digital strategy](#), Thirty-Sixth Report of Session 2022–23, HC 727, 3 February 2023, p 3 and Committee of Public Accounts, [Tackling Defra's ageing digital services](#), Fifty-First Report of Session 2022–23, HC 737, 10 May 2023, p 3.

82 Committee of Public Accounts, [Driving License Backlogs at the DVLA](#), Forty-First Report of Session 2022–23 HC 735, 17 March 2023, p 9 and Committee of Public Accounts, [Investigation into the UK Passport Office](#), Forty-Seventh Report of Session 2022–23, HC 738, 6 April 2023, p 5.

83 C&AG's Report, [Modernising Defra's ageing digital services](#), Session 2022–23, HC 948, 6 December 2022, p 9.

programmes. Of the five whose performance was reported publicly by the Infrastructure Projects Authority in 2022, three had significant issues ('amber') and two were unachievable ('red').⁸⁴

Data and evaluation

Data

51. Government needs high-quality data for good decision-making.⁸⁵ This means having complete, accurate, and timely information that is readily accessible to the decision-makers.⁸⁶ Data is a valuable asset but is often not treated as such. Whitehall's efforts to transform the quality of its data continue to be too slow and must be prioritised.⁸⁷

52. The Committee sees the symptoms of poor data in failing services, poor outcomes, and poor value for money for the taxpayer. The Department for Work and Pension's (DWP's) underpayment of state pensions is one example. The DWP allowed its data systems to grow so complex that it did not understand the risks that were piling up, as pensioners lost out on money they were owed.⁸⁸ More recently, the Committee's inquiry into the management of central government property found that government is relying on a seventeen-year-old database that is not capable of handling the data for 136,000 properties, including schools and hospitals. Yet, its plans to procure a new £1 million computer system—so it can effectively manage £158 billion worth of property—have been repeatedly delayed.⁸⁹

53. High-quality data also needs to be accompanied by common data standards and systems that talk to one another.⁹⁰ This is particularly important when departments need to collaborate on complex problems that cut across departmental boundaries, such as the transition to net zero and protecting the most vulnerable in society. As discussed above, the outcomes experienced by vulnerable adolescents often overlap departmental responsibilities, from poor criminal justice and mental health outcomes to shortcomings in educational attainment. Departments have plans to improve the join up of different data sets on vulnerable adolescents, but the DfE does not have clear plans on how this exercise will be used to better understand the risks. The departments responsible need to share and use data effectively, and the DfE needs to lead on coordinating this data and using it effectively.⁹¹

84 Committee of Public Accounts, [The Defence digital strategy](#), Thirty-Sixth Report of Session 2022–23, HC 727, 3 February 2023, and Committee of Public Accounts, [Tackling Defra's ageing digital services](#), Fifty-First Report of Session 2022–23, HC 737, 10 May 2023, p 15.

85 Committee of Public Accounts, [Sixth Annual Report of the Chair of the Committee of Public Accounts](#), First Special Report of Session 2022–23, HC 50, 26 May 2022, p 14 and Committee of Public Accounts, [Fourth Annual Report of the Chair of the Committee of Public Accounts](#), Third Special Report of Session 2017–19, HC 2370, 27 June 2019, p 13.

86 C&AG's Report, [Challenges in using data across government](#), Session 2017–19, HC2220, 19 June 2019, p 4.

87 Committee of Public Accounts, [Challenges in using data across government](#), One Hundred and Eighteenth Report of Session 2017–19, HC 2492, 25 September 2019.

88 Committee of Public Accounts, [Underpayments of the State Pension](#), Thirty-Third Report of Session 2021–22, HC 654, 21 January 2022, pp 5–8.

89 Committee of Public Accounts, [Managing central government property](#), Thirty-First Report of Session 2022–23, HC 48, 21 December 2022, p 3 and p 9.

90 C&AG's Report, [Challenges in using data across government](#), Session 2017–19, HC2220, 19 June 2019, p 10.

91 Committee of Public Accounts, [Support for Vulnerable Adolescents](#), Thirty-Seventh Report of Session 2022–23, HC 730, 22 February 2023, pp 5–11.

Evaluation

54. Good data is also necessary for good evaluation. Evaluating policy decisions enables government to assess ‘what works’ so it can spend its resources wisely. The Committee scrutinises how evaluation continues to be hampered by challenges around data sharing and standards, assuming departments evaluate their activity.⁹² For example, HM Prisons and Probation Service (HMPPS) still doesn’t know if ‘tagging’—which allows justice agencies to monitor offenders’ compliance with court orders—helps reduce reoffending.⁹³ This is despite Government investing £153 million in a tagging transformation programme between 2011–12 to 2021–22.⁹⁴ HMPPS’s ability to evaluate tagging is limited by the absence of linked data, which makes it difficult to understand an offender’s journey through the justice system.⁹⁵

55. While much Government activity is not well evaluated, if indeed it is evaluated, there is cause for hope as the Committee has seen encouraging cases of good evaluation activity. For example, The DfE’s Children’s Social Care Innovation Programme was launched to encourage innovation in the children’s social care sector. Between 2014–15 and 2019–20 the DfE committed £212.8 million to 94 projects. Its funding was predicated on projects being externally evaluated. The DfE has more to do to understand the impacts of its investment and instil a long-term culture of evaluation in this sector.⁹⁶ Other departments would nonetheless do well to follow its example of prioritising evaluation to support evidence-based decision-making.

56. Short-termism in government and the desire for quick results hinders proper investment in evaluation. It can take many years for the ultimate impact of a policy decision to be fully assessed; it may take much longer than the four to five-year horizons that governments try to plan and deliver to.⁹⁷ Still, it is possible for departments to overcome this barrier.⁹⁸ Government making the long-term commitment to evaluation, understanding ‘what works’ so it knows where to focus its efforts, is another piece in the puzzle of building a more resilient system.

Local government finance and audit

Pressures facing local authorities and financial sustainability

57. Local authorities continue to operate under significant pressure, with inflation squeezing their budgets and increasing demand for services such as social care. Since

92 Committee of Public Accounts, [Use of evaluation and modelling in government](#), Fourth Report of Session 2022–23, HC 254, 27 May 2022.

93 Committee of Public Accounts, [Transforming electronic monitoring services](#), Twenty-First Report of Session 2022–23, HC 34, 21 October 2022, p 12.

94 C&AG’s Report, [Electronic monitoring: a progress update](#), Session 2022–23, HC 62, 8 June 2022, p 8.

95 Committee of Public Accounts, [Transforming electronic monitoring services](#), Twenty-First Report of Session 2022–23, HC 34, 21 October 2022, p 12.

96 Committee of Public Accounts, [Evaluating innovation projects in children’s social care](#), Twenty-Seventh Report of Session 2022–23, HC 38, 23 November 2022, pp 3–4.

97 Committee of Public Accounts, [Fifth Annual Report of the Chair of the Committee of Public Accounts](#), First Special Report of Session 2021–22, HC 222, 28 May 2021, p 9.

98 Committee of Public Accounts, [Evaluating innovation projects in children’s social care](#), Twenty-Seventh Report of Session 2022–23, HC 38, 23 November 2022, p 3.

2018, three local authorities have issued section 114 notices due to financial distress.⁹⁹ Thurrock Council is also in trouble.¹⁰⁰ Transparency is important for councils and the DLUHC to learn lessons from their experiences of statutory intervention. Whitehall can also support improvements and strengthen the resilience of the sector by shoring up its oversight of the system.

Local audit market

58. The local audit market is continuing to operate on a knife-edge. The backlog of outstanding audit opinions reported by Public Sector Audit Appointments grew to 632 in November 2022.¹⁰¹ There are widespread consequences of this for accountability and good financial management. At a time when several councils are experiencing financial difficulties following high-risk investments, high quality audit is vital to maintain public trust. Failures in the local audit market also have repercussions for the timeliness and quality of the Whole of Government Accounts (WGA). The WGA is important in providing a comprehensive view of how government manages taxpayers' money. The 2019–20 WGA excluded data from 23 Local Authorities, which diminishes the reliability and completeness of this important compendium on the state of public finances.¹⁰²

59. DLUHC has taken some action: a recent procurement exercise brought new auditors into the market and audit fees are increasing to reflect the costs of audit work. The Department has also said it will launch a new qualification to bring more qualified staff into the market, and the new Audit, Reporting and Governance Authority (ARGA) is due to become system leader, with the Financial Reporting Council (FRC) operating in a shadow leader role until then. But the Committee is concerned at how bad the situation has been allowed to become, and the causes of delays are not new. ARGA must be established as soon as possible, and it will have a mountain to climb to address system risk, workforce issues, and to get the local audit market back on track.¹⁰³ This has left local council taxpayers and elected councillors in the dark on risks to taxpayers' money in their local area.

99 Housing, Communities and Local Government Committee, [Local authority financial sustainability and the section 114 regime](#), Second Report of Session 2021–22, HC 33, 19 July 2021, pp 30–31.

100 UK Government, [Intervention at Thurrock Council](#), accessed May 2023.

101 C&AG's Report, [Progress update: Timeliness of local auditor reporting on local government in England](#), Session 2022–23, HC 1026, 25 January 2023, p 4.

102 Committee of Public Accounts, [Whole of Government Accounts 2019–20](#), Twentieth Report of Session 2022–23, HC 31, 14 October 2022, p 3.

103 Committee of Public Accounts, [Oral evidence: Timeliness of local auditor reporting](#), HC (2022–23) 995, 16 March 2023.

4 Departments of concern

Ministry of Defence (MoD)

60. The MoD oversees some of the largest and most complex programmes in Whitehall, but the Department has a poor track record of managing its major contracts and programmes. Its performance is even more troubling as it is now operating in an increasingly difficult context of responding to the war in Ukraine and high inflation.

61. Its latest Equipment Plan includes little contingency, is based on over optimistic assumptions, and is also out-of-date because it does not reflect the significant and growing costs pressures.¹⁰⁴ Defence spending increased at the Spring Budget, but the international picture is challenging, with the Government highlighting in the Integrated Review Refresh that the shift towards greater competition and fragmentation has happened quicker than expected.¹⁰⁵ The MoD is also behind in delivering key projects it needs for different operational environments and a technological age. Its Ajax and Morpheus programmes are beset with issues, and it faces significant risks to delivering its digital strategy because of critical gaps in digital skills.¹⁰⁶

The Department for Health and Social Care (DHSC)

62. Last year the DHSC was on the list because a perfect storm was brewing in the NHS, with cancer and elective care backlogs growing, staffing problems, and inflation threatening recovery.¹⁰⁷ This year it makes the list of departments of concern for the same reasons. The DHSC is also trying to expand vital mental health service and realise the potential of Integrated Care Systems (ICSs) – Government’s latest attempt to improve local integration of health and care services. The DHSC will not succeed unless it addresses fundamental workforce issues.

63. The DHSC must also improve its management of public money. Its 2021–22 accounts expose the astonishing waste on personal protective equipment and related Covid-19 expenditure, which now amounts to £14.9 billion across the last two years. It is also unacceptable that the UK Health Security Agency (UKHSA)—an agency within the DHSC that absorbed the work of Test & Trace—could not provide the National Audit Office with enough information to carry out its 2021–22 audit. The Department and UKHSA must address fundamental weaknesses in governance, oversight, and financial controls so UKHSA’s accounts can be audited¹⁰⁸

The Department for Levelling-Up, Housing and Communities (DLUHC)

64. The Department is a small fish in a large pond. Its budget makes it a small player in Whitehall, but its work has a considerable role in supporting the wider economy,

104 Committee of Public Accounts, [MoD Equipment Plan 2022–2023](#), Forty-Eighth Report of Session 2022–23, HC 731, 19 April 2023, p 3 and p 7.

105 HM Government, [Integrated Review Refresh 2023](#), 13 March 2023.

106 Committee of Public Accounts, [The Defence digital strategy](#), Thirty-Sixth Report of Session 2022–23, HC 727, 3 February 2023.

107 Committee of Public Accounts, [Sixth Annual Report of the Chair of the Committee of Public Accounts](#), First Special Report of Session 2022–23, HC 50, 26 May 2022, pp 10–12.

108 UK Government, [DHSC annual report and accounts: 2021 to 2022](#), accessed May 2023.

communities, and citizens. It is responsible for the key areas such as house building and safety, local economic growth and levelling up, and oversight of local government finances. I am concerned about the DLUHC's delivery and oversight in all these areas.

HM Revenue and Customs (HMRC)

65. HMRC made the list last year because of growing tax debt and the levels of fraud and error that it is managing.¹⁰⁹ I continue to be concerned about these two areas of risk. I am not convinced that HMRC is prioritising this work. HMRC has a clear case for focusing on recouping money that is owed. But prevention is better than corrective action and it must plan and implement better fraud and error safeguards in the future.

The Department for Business, Energy and Industrial Strategy (BEIS) and its successor departments

66. BEIS's responsibilities are being split across four new departments but rearranging the deck chairs can only go so far in meeting the serious challenges facing this area of government – from supporting businesses and individuals through the energy crisis and inflation, to delivering next net zero and recovering money lost to fraud and error during Covid-19. Businesses may need yet more support in the face of inflation, extreme energy prices, and reduced post-Brexit sector investment. Climate change is one of the defining issues of our time, but we are at serious risk of failing to meet our own targets, at a cost to current and future generations.

109 Committee of Public Accounts, [Sixth Annual Report of the Chair of the Committee of Public Accounts](#), First Special Report of Session 2022–23, HC 50, 26 May 2022, p 16.

Formal minutes

Monday 22 May 2023

Members present:

Dame Meg Hillier

Olivia Blake

Sir Geoffrey Clifton-Brown

Dan Carden

Mr Jonathan Djanogly

Mrs Flick Drummond

Mr Louie French

Jill Mortimer

Nick Smith

Seventh Annual Report of the Chair of the Committee of Public Accounts

Draft Report (*Seventh Annual Report of the Chair of the Committee of Public Accounts*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 66 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Second Special Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Adjournment

Adjourned till Thursday 25 May at 9.00am.