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Committee of Public Accounts

Chair of the Public Accounts Committee's Second Annual Report

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The Committee of Public Accounts

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Publication

Committee reports are published on [the Committee’s website](#) and in print by Order of the House. Evidence relating to this report is published on the inquiry publications page of the Committee’s website.

Committee staff

The current staff of the Committee are Richard Cooke (Clerk), Dominic Stockbridge (Second Clerk), Hannah Wentworth (Chair Support), Ruby Radley (Senior Committee Assistant), and Tim Bowden (Media Officer).

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Chair's Foreword

1. Chairing the Public Accounts Committee gives me a unique view of how Government departments spend taxpayers' money. Week in, week out my committee colleagues and I quiz the civil servants who lead departments and projects on how efficiently and effectively they are spending your money. The Public Accounts Committee has published 64 reports this session and 106 in total during this short Parliament.
2. I am proud of our work to promote international tax transparency and the successful London Summit held in December last year. Over 60 Parliamentarians from around the world have now signed our call for governments across the globe to legislate for public country by country reporting about tax.
3. In this report I highlight the departments which the next Parliament needs to watch closely. Once again the stand out concern is the Department of Health. The Department for Education is now showing some of the same financial strains that were evident in health a few years ago and is now clearly second highest on our list of concerns.
4. The Committee spends a lot of time scrutinising individual departments. This helps us see cross cutting issues about how Government works—a lack of key data to measure performance, concerns about skills in the civil service, poor project management, cost shunting by one department to another part of the public sector and, of course, Brexit. Too often we get lip service about how these issues are important but see a depressingly regular return to the same old problems.
5. After my second year as Chair I am increasingly concerned about the long term accountability of senior civil servants. The game of musical chairs starts as one Permanent Secretary moves on and they all change jobs in the system. And few are in post long enough to have a vested interest in the long term aims of their department or a project. And there is the age old tension between a department and central Whitehall through the Cabinet Office.
6. Time and again we see failures but not enough civil servants are there long enough to be held responsible for their actions.
7. I have sought to counteract this by calling back any serving civil servant to answer for a former project—the failed Green Deal and the levy control framework are just two examples. My message is clear—if you were responsible, you remain accountable for those actions and decisions, in public.
8. A feature of this Parliament has been the growing collaboration of Chairs on the committee corridor. We have worked with Health, the Public Administration and Constitutional Affairs Committee, Communities and Local Government and the Business, Energy and Industrial Strategy Committee in particular. I thank my fellow Chairs and believe this will continue and ensure more effective scrutiny in future.
9. I have also focused the Committee on some broader issues—our report on housing and our body of work on health and social care, for example. Diving deep into individual projects has an important role but it is the wider lessons about where and how Whitehall, Government and politicians in general need to change their approaches to best achieve real outcomes for citizens that is the real prize.

10. Looking ahead I would expect any future Committee to have Brexit as top of its list of concerns—the cost of the UK's exit from the EU will need to be examined along with the efficiency and effectiveness of how the Government plans to deliver on projects that have been run at EU level. There is also a concern about how a reduced civil service will be able to cope with the demands of Brexit. A Committee hearing with the Head of the Civil Service, cancelled because of the General Election, would have looked at how prepared the civil service was for this task.

11. Devolution and international tax transparency are also key issues for the next Parliament. Although, all of course depends on the outcome of the General Election.

12. As a cross-party Committee with members from four parties we need to reach a consensus to publish our reports. This consensus is core to our work and the impact we seek to have on how Government works.

13. I would like to thank my fellow Committee members for their hard work and support. Our work is very much a team effort.

Meg Hillier MP

Chair, Public Accounts Committee

Appendix: Chair's Annual Report

Departments of Concern

Health

1. The Public Accounts Committee has published 20 reports on health and social care in this Parliament. NHS England and the Department of Health are among our most frequent witnesses. All our reports have highlighted an increase in demand that does not keep pace with the available funding. With new treatments becoming available, there is also an upward pressure on the budget as patients and clinicians seek to benefit from medical progress.

2. Last year's Departmental accounts were of serious concern. The Department chose the last day Parliament was sitting before the summer recess to publish its accounts to the House, giving MPs no time to scrutinise them. At the time I made clear to the Secretary of State for Health my concerns about the short term fixes the Department had used to keep within its allotted budget, such as the extra £417 million it received from the National Insurance Fund, but failed to inform HM Treasury. I also highlighted my concern that the timing was calculated to avoid scrutiny and to hide the true extent of the Department's financial woes.

3. We remain concerned about this year's accounts which will be laid when Parliament returns after the General Election.

4. The Committee's report on the *Financial Sustainability of the NHS* noted, with concern, that trusts' deficits reached £2.5 billion in 2015–16, a huge increase from the £859 million deficit in 2014–15.¹ And that 65% of NHS trusts and 66% of NHS foundation trusts reported deficits in 2015–16, again up from the previous financial year. Latest available data suggests that trusts will again be in deficit at the end of 2016–17: official estimates made at month nine of 2016–17 indicated the total deficit would be £886 million.

5. At the hearing on the sustainability of the NHS, the Chief Executive of NHS England used the opportunity to speak out about the NHS budget and comments made that day by No.10 sources.² This bickering between NHS England and Government is unhelpful. It is important that the Government and NHS England work together to plan for the future of our NHS and the growing pressures it faces.

6. Sustainability and transformation plans (STPs) are at risk of being seen as a cover for cuts—even where good quality, modern, patient-focused services are being planned.³ There is little accountability—chairs were recently appointed to the STPs but the appointment process has not been clear. In the last few weeks NHS England has sought to establish a defined process for the appointment of chairs. This lack of transparency has been unhelpful and unnecessary. It smacks of haste and suggests accountability and

1 HC Committee of Public Accounts, [Financial sustainability of the NHS](#), Forty-third Report of Session 2016–17, HC 887, 27 February 2017, conclusion 1, p 5

2 [Ibid](#), Summary, p 3

3 [Ibid](#), conclusion 4, p 6

governance were afterthoughts. It is by no means clear how the citizen and patient can find out what is going on and how any changes will affect them. Accountability remains a concern across the NHS.

7. There is room for change and improvement in many areas of the NHS but the handling of the finances and the increasing pressures of a growing population mean that its focus is on finance rather than effectiveness.

8. Honesty and clarity over NHS funding is a fundamental before there can be serious change.

Education

9. Two of our reports in the last year sum up the challenges in the Department for Education—both day to day funding for schools, which show an 8 per cent reduction in spending per pupil, and our concerns over capital funding.⁴

10. The Department is asking schools to make year-on-year efficiency savings, rising to £3 billion by 2019–20. Of this the Department expects £1.3 billion to come from better procurement and £1.7 billion through “more efficient use of staff”.⁵ In our hearing on the financial sustainability of schools, we were concerned that the Department had no clear metrics for measuring whether funding pressures of this scale would impact on pupils’ learning and attainment or choices. For example, one way to save money would be to reduce the curriculum offer, but the Department has no way to measure this.⁶

11. Not only is the education budget now showing the same strains in funding as health, but there are questions about its long term sustainability. The Department has carried out a desk-based exercise to identify where savings could be made, but has unrealistic expectations of how the front line will deliver challenging savings.⁷ With around three quarters of school budgets spent on staff there is little else that can be cut.⁸ The conclusion to be drawn is that schools and pupils will pay the price through reducing staff numbers.

12. Many of our school buildings are reaching the end of their useful life and will require replacement or major refurbishment in the next decade.⁹ At the same time the Government is spending up to £30 million a site for new free schools—many in office blocks or long term temporary accommodation and a number without adequate playground or sports facilities. The Department spent £863 million on 175 sites for free schools between 2011 and 2016, at an average cost of £4.9 million per site. However, 24 sites cost more than

4 HC Committee of Public Accounts, [Financial sustainability of schools](#), Forty-ninth Report of Session 2016–17, HC 890, 28 March 2017; HC Committee of Public Accounts, [Capital funding for schools](#), Fifty-seventh Report of Session 2016–17, HC 961, 26 April 2017

5 HC Committee of Public Accounts, [Financial sustainability of schools](#), Forty-ninth Report of Session 2016–17, HC 890, 28 March 2017, Summary, p 3

6 [Ibid](#), conclusion 1, p 5

7 HC Committee of Public Accounts, [Financial sustainability of schools](#), Forty-ninth Report of Session 2016–17, HC 890, 28 March 2017, conclusion 2, pp 5–6

8 [Ibid](#), Summary, p 3

9 HC Committee of Public Accounts, [Capital funding for schools](#), Fifty-seventh Report of Session 2016–17, HC 961, 26 April 2017, Summary, p 3

£10 million each, including four in London that cost more than £30 million each.¹⁰ We received a great deal of evidence expressing concern about the high cost of some school sites.

13. There is a shocking lack of grip over capital spending, particularly on poor quality free school sites.¹¹ If the Government is serious about its schools programme it needs to look at the long term value for money, as some of these new sites are storing up problems for the future. Parents and pupils want good schools, in good buildings in the right places.

14. The bigger issue facing the Department is the condition of the school estate. With 60 per cent of existing school buildings reaching the end of their useful life and a bill of £6.7 billion to get existing school buildings up to scratch, there is a growing cost of school maintenance and renewal.¹²

15. On the plus side the Department is getting to grips (in its condition surveys) with the real state of the school estate.¹³ But as better and more comprehensive condition surveys emerge, this is likely to mean more information about poor quality buildings and a greater need for investment.

16. In schools the issue of asbestos is a new looming crisis. This has not been dealt with for years, but is now an issue as old school buildings come to the end of their useful life. This adds to costs and the Department acknowledges that it has limited information about the scale of the problem.¹⁴

Ministry of Justice

17. This department is still a real concern: every area of departmental responsibility is undergoing major change, and all are interconnected. This means that a system or project failure will have a knock-on effect to other change programmes in justice.

18. One aspect the Committee looked at recently is the Department's Transforming Rehabilitation programme to reform probation services and reduce the number of reoffenders. Having promised to deliver a 'rehabilitation revolution', we found little evidence that this revolution was underway with offenders continuing to face problems integrating back into the community, in particular accessing housing and jobs.¹⁵

19. As well as seeing through reform of probation services, the Ministry of Justice is also pursuing extensive and ambitious changes in courts, including a planned move from paper to digital records, the sell-off of court buildings and wider plans for the prison estate—while at the same time trying to cut administrative budgets by 50 per cent.¹⁶

10 Comptroller and Auditor General, [Capital funding for schools](#), Session 2016–17, HC 1014, National Audit Office, 22 February 2017, para 3.19

11 HC Committee of Public Accounts, [Capital funding for schools](#), Fifty-seventh Report of Session 2016–17, HC 961, 26 April 2017, Summary, p 3

12 HC Committee of Public Accounts, [Capital funding for schools](#), Fifty-seventh Report of Session 2016–17, HC 961, 26 April 2017, conclusion 5, pp 6–7

13 [Ibid](#), Q 1

14 [Ibid](#), conclusion 5, pp 6–7

15 HC Committee of Public Accounts, [Transforming rehabilitation](#), Seventeenth Report of Session 2016–17, HC 484, 23 September 2016, conclusion 1, p 5

16 [Ibid](#)

20. We welcome the honesty of the Permanent Secretary in acknowledging the challenges of managing these huge and inter-related change programmes in a department where a failure can have particularly serious outcomes. But this is a department that needs to be scrutinised closely in the next Parliament.

HMRC

21. HMRC is also a department undergoing huge change—the biggest IT programme in Europe, a transformation of customer service and a massive estate reconfiguration are just three. Already the Department has reduced the savings it is expecting to achieve on the estate programme and its move to 13 large regional hubs will have a significant impact on local communities.¹⁷

22. As part of the Committee's scrutiny of HMRC performance we looked at its plans to rely on new digital services to reduce demand on its call centres. We were clear that in its rush to make efficiency savings, HMRC must avoid repeating past mistakes such as its decision to reduce the number of staff in its personal tax service prematurely, leading to a disastrous decline in customer service.¹⁸

23. The Permanent Secretary does not duck recognition of the challenge that he has inherited and has been frank with the Committee about the identified challenges of Brexit for his Department.¹⁹

24. But recent changes at the top will add challenges and losses of key senior staff need to be well managed. Recent departures include the Chief Digital and Information Officer (Mark Dearnley), Director General of Customer Services (Ruth Owen) and Director General of Customer Compliance (Jennie Granger). To lose so many senior people in quick succession can be destabilising and puts at risk the delivery of HMRC's plans.²⁰

Department for Work and Pensions

25. Universal Credit remains a huge challenge for the Department. The Committee has seen less of the programme in recent months since the decision to reset the programme in 2013 and the further delays to the roll-out announced in July 2016, which mean full implementation will not be completed until March 2022.²¹

26. Implementation is though now happening at pace and concerns remain about how Universal Credit is working in more complex circumstances, such as for people who aren't paid on a monthly basis, and how the system adapts as people's circumstances change—the real test is down the line and one for the Committee to watch.²²

17 HC Committee of Public Accounts, [The HMRC Estate](#), Fifty-third Report of Session 2016–17, HC 891, 28 April 2017, conclusion 7, pp 7–8

18 HC Committee of Public Accounts, [HM Revenue & Customs performance in 2015–16](#), Twenty-ninth Report of Session 2016–17, HC 712, 2 December 2016, Summary, p 3

19 [Ibid](#), para 10

20 [Ibid](#), conclusion 3, p 5

21 HC Committee of Public Accounts, [Universal Credit and fraud and error: progress review](#), Twenty-third Report of Session 2016–17, HC 489, 4 November 2016, conclusion 1, p 5

22 [Ibid](#), conclusion 4, p 6

Defence

27. There are big concerns for this Department as new defence equipment commitments outstrip new funding. More recently the Committee had begun to have greater confidence in the Ministry of Defence which had moved to a more planned approach and had begun to get a tighter grip on spending in the last five years.

28. However, we are concerned that the outcome of the 2015 Strategic Defence and Security Review has put this in jeopardy. In the SDSR the Department committed itself to new equipment purchases before it established how these would be paid for. The 2016 Equipment Plan contains £24.4 billion of additional commitments, only £6.4 billion of which will be met by additional funding from outside the Department.²³ The Committee's latest report on the Defence Equipment Plan concluded that the plan is at greater risk of becoming unaffordable than at any time since its inception in 2012.²⁴

29. The Department also has an ambitious but ill thought through programme of efficiency savings. It must generate £5.8 billion of new savings from projects within the Equipment Plan and £1.5 billion of savings from the wider defence budget, but it is unclear whether this is achievable.²⁵

30. Additionally the Astute and Dreadnought submarine programmes have both faced cost increases, as has the procurement of the Type 26 warship (which is the highest-value non-nuclear procurement in the Equipment Plan). These projects have suffered poor performance by contractors as well as cost growth.²⁶

31. And worryingly there is little contingency in case of emergency situations. In previous years the Department allowed 'headroom' in the Equipment Plan to fund new projects to meet emerging threats. But the 2016 Equipment Plan used all of the Department's £10.7 billion headroom to fund new SDSR commitments.²⁷

32. And all this impacts on service personnel who face uncertainty about their housing amid sell-off of forces' accommodation and where they will be based in a diminishing defence estate.²⁸

23 HC Committee of Public Accounts, [The Defence Equipment Plan](#), Fifty-sixth Report of Session 2016–17, HC 957, 25 April 2017, conclusion 1, p 5

24 [Ibid](#), Summary, p 3

25 [Ibid](#), conclusion 1, p 5

26 [Ibid](#), conclusions 3–4, pp 5–6

27 [Ibid](#), conclusion 6, p 7

28 HC Committee of Public Accounts, [Delivering the defence estate](#), Forty-seventh Report of Session 2016–17, HC 888, 22 March 2017, conclusion 1, p 5

Issues from our inquiries

Brexit

33. Brexit will dominate the next Parliament and the capacity of the civil service to deliver these changes is a huge part of the challenge. The Cabinet Secretary Sir Jeremy Heywood has referred to the UK's decision to withdraw from the EU as "the biggest, most complex challenge facing the civil service in our peacetime history".²⁹

34. Demands on the civil service go beyond the two new Brexit departments. Departments such as the Department for Environment, Food & Rural Affairs, which have had large amounts of EU-derived funding and legislation need legal, economic and sector experts to deal with the implications of Brexit. They will have to do this while using their remaining staff to achieve pre-existing priorities.³⁰

35. We highlighted concerns about the future of farm payments in our report on *Progress on the Common Agricultural Policy Delivery Programme*, where we concluded that Defra's record of failure when developing systems to support subsidy payments to farmers did not inspire confidence in its ability to cope with the challenges associated with Brexit.³¹

36. And in the wider sense of managing Government spending, where we have been positive about the Government's moves to introduce single departmental plans (SDPs), the Committee was not convinced that SDPs will be able to deal with significant changes in priorities within and beyond this Parliament, particularly Brexit. Brexit will be a good test of whether the SDP approach is fit for purpose in allowing Government to assess its priorities and make changes to objectives and the related funding as needed.³²

Musical chairs of Permanent Secretaries

37. Whitehall needs to consider succession management and external recruitment more. When one Permanent Secretary leaves they all shuffle around departments. Ten departments have seen new Permanent Secretaries in post over the last year. They are:

- Alex Chisholm, Department for Business, Energy & Industrial Strategy (from September 2016)
- Stephen Lovegrove, Ministry of Defence (from April 2016)
- Jonathan Slater, Department for Education (from May 2016)
- Oliver Robbins, Department for Exiting the European Union (from July 2016)
- Chris Wormald, Department of Health (from May 2016)

29 Jeremy Heywood/Civil Service News email, 'The Government's objectives for Brexit – a message from the Head of the Civil Service', 18 January 2017

30 Comptroller and Auditor General, [Capability in the civil service](#), Session 2016–17, HC 919, National Audit Office, 24 March 2017, para 14

31 HC Committee of Public Accounts, [Progress on the Common Agricultural Policy Delivery Programme](#), Fortieth Report of Session 2016–17, HC 766, 10 February 2017, Summary, p 3

32 HC Committee of Public Accounts, [Managing government spending and performance](#), Twenty-seventh Report of Session 2016–17, HC 710, 23 November 2016, Conclusion 4, p 6

- Philip Rutnam, Home Office (from April 2017)
- Antonia Romeo, Department for International Trade (from March 2017)
- Jon Thompson, HM Revenue & Customs (from April 2016)
- Bernadette Kelly, Department for Transport (from April 2017)
- Tom Scholar, HM Treasury (from June 2016)

38. The high churn of Permanent Secretaries has come up in a few Committee sessions. For example, the Carbon Capture and Storage session planned to have three current and former Permanent Secretaries from the former Department of Energy and Climate Change give evidence to us, given that the project spanned several years: Alex Chisholm and his predecessors Stephen Lovegrove and Moira Wallace (although only Alex Chisholm appeared in the end).³³

Machinery of Government changes

39. Whitehall is still facing the fallout from the creation of two new departments and the abolition of the Department for Energy and Climate Change. The machinery of Government changes aid obfuscation and blur accountability. These new departments also absorb scarce civil servants at a time when the civil service has shrunk dramatically.

40. As of February 2017, the civil service had created over a thousand new roles in the new Brexit departments (DExEU and DIT) and elsewhere to prepare for exiting the EU and negotiating new trade agreements. Two thirds of the roles have been filled, mostly by transferring staff from elsewhere in government. There has not been a commensurate increase in the overall size of the civil service.³⁴

41. When DECC was absorbed into the Department for Business, Energy and Industrial Strategy in July 2016, there was an associated change in permanent secretaries' responsibilities for energy (Stephen Lovegrove to Alex Chisholm). This has not helped continuity in a policy area in which we have seen some recent failures in the Green Deal, Carbon Capture and Storage and the levy control framework.

42. The incoming Government should seriously consider the impact of such changes.

Truth to power

43. The civil servants who appear before us are independent but serve the Government of the day. In public they therefore toe the line.

44. But we are concerned about whether they feel able to talk truth to power. Examples of strong personal priorities of certain ministers (outlined below) underline the tension for a Permanent Secretary who has to work with ministers but also has responsibilities as the accounting officer.

33 This evidence session was postponed due to the tragic events of the terrorist attack in Westminster on 22 March 2017.

34 Comptroller and Auditor General, [Capability in the civil service](#), Session 2016–17, HC 919, National Audit Office, 24 March 2017, para 4.11

45. This ethos of service is commendable, but as highlighted in health and increasingly education there can be an issue about the reality on the ground and the reality in Whitehall. Good government shouldn't be a tale about the Emperor's new clothes—we want to empower civil servants to talk truth to power.

46. On health funding we have worked closely with the Health Select Committee where we have highlighted how many people working in the health service—in Whitehall and at the frontline—were concerned about the impact of efficiency savings. But to speak out is hard—the NHS has a particularly poor record of supporting whistleblowers.

Pursuit of personal agendas

47. We have been very concerned about projects such as the National Citizen Service, the Garden Bridge and Kids Company—all examples where money has been used to pursue personal agendas of particular individuals. There will be times in politics where officials and politicians disagree (e.g. the apprenticeship scheme in Teeside which required a ministerial direction), but where everyone raises concerns and a minister goes ahead this shows an unhealthy disregard for the safeguards around probity of public spending. Politics is not just managerial, but despite the safeguards that do exist we have seen how a strong minister can force the pace against commonsense decisions or push through spending.

48. It took officials a long time to request a ministerial direction on the funding committed by the Department for Transport to the Garden Bridge, now cancelled by the Mayor of London. We questioned how effectively officials met their responsibility to raise value for money issues with their Ministers.³⁵

49. We have also raised concerns about the National Citizen Service (NCS).³⁶ This was set up quickly after a Prime Ministerial announcement. Tracking back, there is a direct line between those who influenced the then Prime Minister's thinking and those who won some of the original contracts. Once established, staff joined NCS direct from working with the Prime Minister—despite not having had experience running similar programmes. Our report highlighted that the programme is not meeting participation targets, and is suffering from poor governance and high costs.³⁷

50. Each NCS participant place was expected to cost £1,863 in 2016, and cost per participant is not expected to come down until 2019. But other youth organisations carry out similar work at lower cost. The Scout Association said scouting is very comparable in its outcomes and activities. Like many youth organisations the Scouts are run by volunteers. Funding for scout places lasting at least four years costs around £550 per place.³⁸

35 HC Committee of Public Accounts, [Public Accounts Committee submission to the Garden Bridge Project review](#), 28 October 2016, Annex 2 (Oral evidence with Tom Scholar), Qq 15–16

36 HC Committee of Public Accounts, [National Citizen Service](#), Forty-sixth Report of Session 2016–17, HC 955, 14 March 2017

37 [Ibid](#), conclusions 2, 4, 8, pp 5–7

38 [Ibid](#), paras 13–15, p 11

Looking Ahead

Data

51. There are numerous examples of poor data across Whitehall. Too often departments do not seek to collect the right information, or use the data they hold effectively, to understand what works, identify problems, and pinpoint where they need to focus or intervene to best effect.

52. Some recent examples include: poor Department for Work and Pensions data on the impact of benefit sanctions;³⁹ the inaccurate data the Rural Payments Agency holds on land and its lack of an up-to-date digital map of England, resulting in farmers often not receiving either accurate or timely payments;⁴⁰ and numerous instances of poor or lacking data in health—including our recent report on the availability of GP appointments.⁴¹

53. The Committee does not call for more data for the sake of it, but the right information is necessary for good policy making and ensuring value for money.

54. Our recent report on patient access to GPs demonstrates the issue.⁴² We found that NHS England has little understanding of which GP practices close during core hours and the impact this has on other services, particularly A&E. We also found a perverse situation where GP practices could close during a normal working day but be paid additionally for opening in an evening. NHS England says it is now stopping these payments but there is little central knowledge of what is happening on the ground. There is no consistency of data in Whitehall, and yet the Department was planning to fund extended GP opening hours when the cost of providing new extended hours arrangements would be 50 per cent higher than core hours.⁴³ As we have repeatedly highlighted, the health budget is under great pressure so using it effectively means freeing up tax pounds to spend elsewhere in the system.

55. Collecting data, managing and using it effectively must all be seen as the norm if Whitehall is to ensure efficient and effective use of your money.

Contract management

56. The Public Accounts Committee has long been raising concerns about the ability of the civil service to draw up contracts and manage them.

57. Sadly we continue to see many of the same problems. Two stand-out examples this year are the UnitingCare Partnership in Cambridgeshire and the contract between UKTI and PA Consulting.⁴⁴ In both cases those responsible for letting the contract did

39 HC Committee of Public Accounts, [Benefit sanctions](#), Forty-second Report of Session 2016–17, HC 775, 21 February 2017

40 HC Committee of Public Accounts, [Progress on the Common Agricultural Policy Delivery Programme](#), Fortieth Report of Session 2016–17, HC 766, 10 February 2017

41 HC Committee of Public Accounts, [Access to General Practice: progress review](#), Sixty-first Report of Session 2016–17, HC 892, 27 April 2017

42 [Ibid](#)

43 [Ibid](#), conclusion 4, p 6

44 HC Committee of Public Accounts, [UnitingCare Partnership contract](#), Twenty-fifth Report of Session 2016–17, HC 633, 16 November 2016; HC Committee of Public Accounts, [UKTI and the contract with PA Consulting](#), Fiftieth Report of Session 2016–17, HC 772, 5 April 2017

not follow basic good practice and, to make matters worse, changed the approach to the contract during the process. Both also starkly underlined the wider issue of civil service competency. In the case of the UnitingCare Partnership, the procurement adviser (the NHS Strategic Projects Team) which had been brought in to bring contracting expertise to the table failed abysmally, and was abolished by NHS England.⁴⁵

58. We have also seen problems with HMRC's contract with Concentrix, which was subsequently cancelled.⁴⁶ At our hearing on this, HMRC and Concentrix looked to blame each other for the failure but it was clear that both parties were equally to blame for the appalling level of service to claimants. We credit the Permanent Secretary for his decision to cancel the contract—but we had been raising concerns since 2015.

59. When we first looked at the Home Office's efforts to introduce a new emergency services network,⁴⁷ we were concerned that the timetable to test and deliver the programme was too ambitious and left little room for any slips to timings.

60. Following our inquiry we received news that part of the existing Airwave system the Home Office is relying on as part of the handover to the new system will be taken out of service early. This news caught the Home Office by surprise and may mean that emergency services communications could be unsupported from April to September 2020. It also now seems inevitable that taxpayers will be paying substantial additional sums to rectify the situation, with no certainty of delivery.⁴⁸

61. The Home Office seemed to downplay the risks to the contract and its being caught unawares by the contractor does not reassure us that the Department is on top of the contract or this project. This could cost the taxpayer dear.

Career development in the civil service

62. Skill development in the civil service remains an issue of concern for both the Public Accounts Committee and our sister Committee, the Public Administration and Constitutional Affairs Committee.

63. We are pleased to see some progress in developing specialist professional streams in procurement and commercial, digital and project management. But, as John Manzoni, Chief Executive of the Civil Service and Cabinet Office Permanent Secretary would agree, there is still some way to go before professional streams are fully embedded.⁴⁹

64. The fact that accounting officers can be appointed without any direct experience of running or managing a major project is an area of concern. The civil service needs to better recognise these and other specialist skills in its promotion strategy.

45 HC Committee of Public Accounts, [UnitingCare Partnership contract](#), Twenty-fifth Report of Session 2016–17, HC 633, 16 November 2016, conclusion 5, p 6

46 HC Committee of Public Accounts, [HMRC's contract with Concentrix](#), Fifty-first Report of Session 2016–17, HC 998, 6 April 2017

47 HC Committee of Public Accounts, [Upgrading emergency service communications](#), Thirty-fifth Report of Session 2016–17, HC 770, 25 January 2017

48 HC Committee of Public Accounts, [Upgrading emergency service communications - recall](#), Fifty-second Report of Session 2016–17, HC 997, 21 April 2017, Summary, p 3

49 Comptroller and Auditor General, [Capability in the civil service](#), Session 2016–17, HC 919, National Audit Office, 24 March 2017, paras 11–12

65. The number of civil servants has dramatically shrunk over the last seven years. Increasingly the civil service is a commissioner of services, managing large contracts and overseeing the delivery of major infrastructure projects. With additional demands coming as a result of Brexit, the existing workforce is going to be very stretched. This makes it all the more important that people with the right skills are employed.⁵⁰

Cost shunting

66. Cost shunting is a continuing concern.

67. We have highlighted over the last few years our concerns about how savings in one department can lead to costs being passed on to another part of the taxpayer-funded public sector.

68. We have seen many recent examples of this with the inter relationship between health and social care. In this case the issue is at least recognised, but as our report on the Better Care Fund shows,⁵¹ recognising the problem is not the same as addressing it.

69. Other examples include the impact on the ambulance service of downgrading maternity units—where in one example provided to us the ambulance service had to provide an ambulance on permanent stand-by to transfer to the nearest hospital in case of a maternal or neonatal emergency. But the decision that led to the need for a permanent ambulance on call was not made by the ambulance service which, we concluded, had too little engagement in wider decisions about the health service.⁵²

70. Our report on housing highlighted how many policy initiatives did not interact well in funding terms.⁵³ We particularly highlighted the £21 billion a year spent on housing benefit which could be used more economically if it helped provide affordable homes that meant fewer people had to claim housing benefit.⁵⁴

71. Government accounting does not recognise the issue of cost shunting but it is simply not sustainable for one department to meet its efficiency targets while pushing costs elsewhere. This is an issue I expect the next Committee to continue to watch.

The relationship between the Cabinet Office and departments

72. The question of who has a grip of the whole system of Whitehall government has plagued successive governments.

50 [Ibid](#), paras 4–6, 14

51 HC Committee of Public Accounts, [Integrating health and social care](#), Sixtieth Report of Session 2016–17, HC 959, 27 April 2017; HC Committee of Public Accounts, [Planning for the Better Care Fund](#), Thirty-seventh Report of Session 2014–15, HC 807, 26 February 2015

52 HC Committee of Public Accounts, [NHS ambulance services](#), Sixty-second Report of Session 2016–17, HC 1035, 27 April 2017, Q 189

53 HC Committee of Public Accounts, [Housing: State of the Nation](#), Sixty-third Report of Session 2016–17, HC 958, 28 April 2017

54 [Ibid](#), conclusion 4, p 6

73. In a recent interview with *Public Service Magazine*, the First Division Association's journal,⁵⁵ I was challenged about a question asked by a Committee member to the Chief Executive of the Civil Service John Manzoni. My colleague opened our session with the question "What is the point of you?"

74. John Manzoni understood what lay behind this—if departments are more powerful than the centre of government, it does raise questions about the role of the centre. This has not been helped by confusion at the centre in recent years, such as splitting the role of the Head of the Civil Service out from that of the Cabinet Secretary but then recombining it again, and creating an additional role of the Chief Executive of the Civil Service. It is not surprising then that we still see issues where departments repeatedly don't do what they have been told or asked by the centre.

75. Examples include the lack of buy-in by departments to shared service centres (as outlined in our October 2016 report).⁵⁶ In this case the Cabinet Office did not intervene in a timely and effective manner when things began to go wrong with the programme, in part because it had no clear mandate, for example, to instruct departments to keep to the migration timetable but, also, because it did not see this as its role.

76. Our report on *Protecting Information across Government*⁵⁷ highlighted that there is a role for some learning across Whitehall (I could pick many other examples). We were critical of the Government for taking too long to consolidate and co-ordinate its 'alphabet soup' of agencies involved in protecting Britain in cyberspace. In this case we concluded processes for recording departmental personal data breaches are inconsistent and dysfunctional.

77. In this the Cabinet Office does not mandate how departments should report on the costs and benefits of their information protection initiatives, nor does it believe that a clear, central view of these costs would be useful for its decision making.

78. The Crown Commercial Service (CCS) has consistently failed to deliver quality services to departments, and progress to centralise procurement has been slow. The programme to transfer procurement from departments to CCS has been halted twice.⁵⁸

79. CCS is only managing £2.5 billion on behalf of seven departments. All departments could achieve savings from centrally purchasing common goods and services. The issue is not just about department buying into the idea but how the Cabinet Office delivers on its objectives to streamline, professionalise and save costs across Whitehall.

80. CCS's performance has been poor. CCS did not have detailed plans from the start setting out how it would collaborate with departments, and failed to gain their confidence. We welcome the appointment of Malcolm Harrison as Chief Executive of CCS. It needs to deliver some results quickly.

55 The First Division Association is the union for senior civil servants.

56 HC Committee of Public Accounts, [Shared service centres](#), Twentieth Report of Session 2016–17, HC 297, 19 October 2016

57 HC Committee of Public Accounts, [Protecting information across government](#), Thirty-eighth Report of Session 2016–17, HC 769, 3 February 2017

58 HC Committee of Public Accounts, [The Crown Commercial Service](#), Forty-eighth Report of Session 2016–17, HC 889, 24 March 2017

Single departmental plans

81. Single departmental plans (SDPs) were first published in 2016 as a way for the public to see more easily the work that departments and their arm's length bodies are planning.

82. The ultimate aim is that the citizen will be able to track information on a budget or policy that they are interested in. It is a good innovation but not yet citizen ready.

83. Government officials acknowledge that these plans need further development. For them to be successful, single departmental plans need to be championed by ministers or there is the danger that they will drop down the priority list.

84. They also have a value for new ministers who will also be able to see at a glance what the department is already working on which will make it easier to change priorities and understand the consequences of doing so.

85. Good quality information on performance and spending by objective is one of the essentials of accountability, but has been a longstanding area of weakness for government and a serious concern to this Committee. Transparency increases accountability so well crafted, accessible and clear plans for government spending are something that deserves more attention.⁵⁹

Devolution

86. The Committee and I have flagged our concerns about the ability of the citizen and Government to track spending in devolved areas.

87. With the Mayoral elections on 4 May heralding a new devolved future for city regions in Greater Manchester, the West Midlands, Peterborough/Cambridgeshire, the Tees Valley, Liverpool and Bristol, we need to see these elections as triggers for greater transparency.

88. No doubt elected Mayors will be seeking to have more power devolved over time. Our concern as a Committee is how we, in Parliament, and citizens locally can follow the tax pound. We have been pressing departments to be clear about how they will account for the devolution of funding and monitor the outcomes.⁶⁰

89. Locally, there is little infrastructure to monitor the value for money of spending by combined authorities and the Mayors. Local audit committees have limited resources and most information on local government finance is not easily accessible to the average citizen.

Skills for MPs in project management

90. A number of the issues we see as a committee arise because a minister is impatient to deliver a policy but has little understanding of how complex this may be to deliver.

59 HC Committee of Public Accounts, [Managing government spending and performance](#), Twenty-seventh Report of Session 2016–17, HC 710, 23 November 2016

60 HC Committee of Public Accounts, [Devolution in England: governance, financial accountability and following the taxpayer pound](#), Thirty-second Report of Session 2016–17, HC 866, 18 December 2016, para 15, p 5

91. I have already highlighted the Ministry of Justice and the Department for Education as departments that raise concerns. Both had a strong willed Secretary of State and both have seen significant and wide ranging changes in policy across their remit.

92. Undertaking so many complex changes, across most areas of the department and in short order create enormous challenge and risk to delivery.

93. We are politicians too, so understand the impatience to implement policy commitments. In recent years there's been much talk of evidence based policy making but little discussion about preparing politicians for their role as ministers.

94. As a Committee we have embraced the work of the Major Projects Leadership Academy, which trains senior civil servants in project management. Understanding how to plan major projects should be something required of all ministers and shadow ministers. Successive governments have struggled with delivery—the solution has usually been a unit in No.10 or the Cabinet Office, but supporting MPs and ministers as they formulate policy should be part of the mix in improving the effectiveness of government.⁶¹

61 HC Committee of Public Accounts, [Delivering major projects in government](#), Thirty-first Report of Session 2015–16, HC 710, 18 March 2016, conclusion 4, p 6