

Sir Geoffrey Clifton-Brown
Chair, Public Accounts Committee
House of Commons, London
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30 March 2026

Dear Sir Geoffrey,

Follow up to NAO financial audit insights 2024-25 – Public Accounts Committee

Thank you for your and the Committee's focus on drawing lessons from the NAO's audit work. As requested, I am writing to the committee to provide our response to a question raised by Mr Betts at the PAC hearing on 19th March.

Q28 – Paragraph 2.9 of the Report drew to my attention the £452 million in DBT for “unrecoverable redundancy payments” (and follow up at Q30)

HMT response – As noted in the discussion at the Committee, this relates to payments made by the Department for Business and Trade to employees whose employer becomes insolvent and is unable to fulfil statutory redundancy payment requirements. Section 167 of the Employment Rights Act 1996 (as amended) permits the Secretary of State to pay employees from the National Insurance Fund in this circumstance. The Insolvency Service delivers this through its Redundancy Payments Service.

The Act transfers the employee's claim against their employer to the Secretary of State. The Insolvency Service seeks recoveries through the business insolvency process, repaying anything received to the National Insurance Fund. As the businesses are insolvent, recoveries are in practice limited. This results in most payments made being formally written off and recorded as a loss. This is expected, as the NAO report notes. The £452 million of losses in 2024-25 was similar in scale to 2023-24, when they were £455 million.



James Bowler

Permanent Secretary