



House of Commons  
Committee of Public Accounts

---

# Fifth Annual Report of the Chair of the Committee of Public Accounts

---

**First Special Report of Session  
2021–22**

*Ordered by the House of Commons  
to be printed 24 May 2021*

## The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No. 148).

### Current membership

[Meg Hillier MP](#) (*Labour (Co-op), Hackney South and Shoreditch*) (Chair)

[Mr Gareth Bacon MP](#) (*Conservative, Orpington*)

[Kemi Badenoch MP](#) (*Conservative, Saffron Walden*)

[Shaun Bailey MP](#) (*Conservative, West Bromwich West*)

[Olivia Blake MP](#) (*Labour, Sheffield, Hallam*)

[Dan Carden MP](#) (*Labour, Liverpool, Walton*)

[Sir Geoffrey Clifton-Brown MP](#) (*Conservative, The Cotswolds*)

[Barry Gardiner MP](#) (*Labour, Brent North*)

[Peter Grant MP](#) (*Scottish National Party, Glenrothes*)

[Mr Richard Holden MP](#) (*Conservative, North West Durham*)

[Sir Bernard Jenkin MP](#) (*Conservative, Harwich and North Essex*)

[Craig Mackinlay MP](#) (*Conservative, Thanet*)

[Sarah Olney MP](#) (*Liberal Democrat, Richmond Park*)

[Nick Smith MP](#) (*Labour, Blaenau Gwent*)

[James Wild MP](#) (*Conservative, North West Norfolk*)

### Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No. 148. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

© Parliamentary Copyright House of Commons 2021. This publication may be reproduced under the terms of the Open Parliament Licence, which is published at <https://www.parliament.uk/site-information/copyright-parliament/>.

Committee reports are published on the [Committee’s website](#) and in print by Order of the House.

### Committee staff

The current staff of the Committee are Jessica Bridges-Palmer (Media Officer), Ameet Chudasama (Committee Operations Manager), Richard Cooke (Clerk), Rose Leach (Committee Operations Officer), Ben Rayner (Second Clerk), Ben Shave (Chair Liaison).

### Contacts

All correspondence should be addressed to the Clerk of the Committee of Public Accounts, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5776; the Committee’s email address is [pubacom@parliament.uk](mailto:pubacom@parliament.uk).

You can follow the Committee on Twitter using [@CommonsPAC](#).

# Contents

---

<b>First Special Report</b>	<b>3</b>
<b>Appendix: Fifth Annual Report of the Chair of the Committee of Public Accounts</b>	<b>3</b>
1. Foreword	3
2. Key challenges and issues	5
Covid-19	5
Brexit	6
Climate change	6
Local Authorities – finances and responsibility	7
Accountability	7
Government contracting	8
Fraud and error in public services	8
Whitehall musical chairs	8
Short-termism	9
3. Departments of concern	9
Defence	9
Health and Social Care	10
Education	12
Home Office	13
Transport	13
Justice	14
Cabinet Office	14
4. Looking ahead	15
<b>Formal minutes</b>	<b>17</b>



# First Special Report

---

On 28 May 2021 the Chair of the Committee published a report setting out her analysis of issues to watch across Whitehall, informed by the work of the Public Accounts Committee. The Chair's report is published as an appendix to this report

## Appendix: Fifth Annual Report of the Chair of the Committee of Public Accounts

---

### 1. Foreword

1. Welcome to my fifth annual report, for 2021.
2. This report is published after 12 months in which Whitehall has been tasked with addressing the most significant strategic issues the UK has been presented with in several generations. These include Covid-19, Brexit, the need to tackle climate change, the publication of the Integrated Review of Security, Defence, Development and Foreign Policy, and social care reform. Tackling these will require years of work.
3. In a tumultuous year for the UK and the world the Public Accounts Committee (PAC) has been committed to keeping track of how taxpayer money has been spent and how major projects have been delivered.
4. From the start of the pandemic the PAC was clear that its focus on public spending was not going to diminish despite the challenges facing government, Parliament and the nation.
5. It is disappointing that the Treasury has not kept a clear and public record of Covid-19 costs, something that would not only be welcomed by most citizens, but would provide the government with the means to make clear that the nation has a large bill to settle. I commend the National Audit Office (NAO) for setting up its Covid-19 cost tracker which records money promised.<sup>1</sup> In due course the NAO and the PAC will examine the total actual spending in detail, with work already underway on the most significant aspects of the response since July 2020.
6. We have examined Covid-19 schemes early on in the hope that lessons can be learnt quickly and taxpayers' money protected. The latter is even more important given the NAO's total cost estimate for measures administered by central government departments stands at £372 billion.<sup>2</sup>
7. Throughout 2020 and in the early part of 2021, the NHS rose to the challenge of Covid-19, both during its peaks and in administering the vaccine. Its people went above and beyond to support us all. The PAC has previously highlighted how the Department for

---

1 National Audit Office, [Covid-19 cost tracker](#)

2 Ibid

Health and Social Care has not placed the same emphasis on social care as it has on health policy and planning. This year we saw a catastrophic number of deaths in care homes – a painful demonstration of what happens when long-term thinking is absent.

8. The Covid-19 crisis meant that decisions had to be taken quickly but not all decisions were the right ones. There have been spectacular rewards from the vaccination procurement programme, and the unorthodox (for Whitehall) but effective ventilator challenge, but good government is not just about heralding success. It also must be about acknowledging, and learning from, failure.

9. Some might say this doesn't come naturally to politicians. But I expect better from Whitehall, where the civil service ought to provide a constant, longer-term approach.

10. Over the past year, we have seen mixed responses. Some Permanent Secretaries and senior civil servants have been very open with us about risk, error and how they have built in learning from the outset – the Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC) are notable here, with the Department for Digital, Culture, Media and Sport (DCMS) also deserving an honourable mention. Others have been more defensive or less willing to acknowledge and evaluate mistakes in real time.

11. And there have been some extraordinary attacks on the NAO by civil servants and ministers. The NAO, independent and above the fray of Whitehall, government and party politics, is assiduous in following the money and the paper trail, which given the sums involved is more important than ever.

12. This year has also created long-term challenges about how government addresses the educational gap for young people, particularly the poorest; supports the mental health of the nation and adjusts to life outside the EU as well as supporting an economy rocked by lockdowns.

13. Whether a department has delivered a project well or badly it is important to acknowledge the hard work of civil servants in developing from scratch systems that allowed government to respond to Covid-19.

14. Each year I highlight departments in Whitehall that have caused the PAC particular concern. These are areas of government facing significant challenges over and above those created by the Covid-19 pandemic or the UK's departure from the EU; as well as those with a track record of poor project delivery.

15. The long recovery from Covid-19 will require more strategic decisions, and it remains to be seen if Whitehall is up for the challenge. Attempts at reform have been slow and fraught. Recent publicity about links between some senior individuals and private business are the tip of the iceberg, because the fact is that the private sector delivers a large percentage of public services without the long-term accountability Whitehall faces.

16. Aside from future policy and the impact on government departments, the pandemic has thrown up three important issues to reflect on.

17. Firstly, Covid-19 has been one of the first significant challenges affecting the UK which has been dealt with separately by the four nations. Each nation has responded differently. None of their respective approaches were perfect, but we hope to learn lessons from each of them together with PACs in Scotland, Wales and Northern Ireland.

18. Second, in March 2020 Parliament granted the most sweeping range of powers any peacetime government has enjoyed, on the understanding that it would in return be open and transparent in its decision-making. Even with the limitations placed on parliamentary scrutiny by the long months of lockdown, the government has failed to deliver its end of the deal. More transparency, prompt answers to parliamentary questions and the timely publication of all contracts involving public money were, and remain, reasonable asks.

19. Finally, the scale of the challenge facing public finances, and the importance that this places on the work undertaken by the PAC. We need to see more emphasis on results for every pound of taxpayers' money invested. In the past I have raised concerns about how cuts in one area can lead to cost shunting – whereby another public sector body picks up the tab down the line. The risk of intergenerational cost shunting and unintended knock on effects is high, particularly in relation to spending on Covid-19 and tackling climate change.

20. The pandemic has reset many issues in public policy and delivery of public services. Many new challenges have arisen as a result but the long-term issues remain unchanged, indeed they are even more urgent as we start to emerge from the pandemic.

21. The PAC has a proud 160-year history of holding government to account for the economy, efficiency and effectiveness of taxpayer spending. We have done this with a cross-party membership and all our reports have been agreed by the committee without dissent.

22. I thank the members of the PAC for their support in this vital task. They are hard-working and committed MPs from four political parties. They have tirelessly challenged Whitehall on public spending, following the best traditions of the PAC, and adapted quickly to new ways of working.

23. I pay particular tribute to the late Dame Cheryl Gillan who, despite her serious illness, was one of the hardest working members of the committee. We are determined to maintain a strong scrutiny of spending on HS2, which she worked so hard to highlight and challenge. In public she was a fierce questioner. Behind the scenes she was wise, supportive, amusing, and always added value. She is sorely missed.

24. I also record special thanks to my deputy chair, Sir Geoffrey Clifton-Brown, who has been a particular champion for care home residents so affected by Covid-19. I appreciate his wise counsel and support, and his help in guiding the committee's work through this most challenging of years.

## 2. Key challenges and issues

### *Covid-19*

25. The PAC has prioritised its work on the various Covid-19 response schemes to aid transparency, monitor spending and risk, and ensure that key lessons are adopted as swiftly as possible.

26. Some departments are learning and adapting as they go, others would prefer “to do it in a way that is well integrated with what is happening across Whitehall”,<sup>3</sup> as the Permanent Secretary at the Department for Education told us in March. But with no date for a full inquiry into lessons learned, this is not satisfactory. There is a danger that reluctance to evaluate Covid-19 measures will embed problems of design, delivery and effectiveness of response schemes which will need to adapt over time.

27. Whilst the government is permitted under 2015 legislation to award contracts without tendering in emergency circumstances, this ability to bypass the normal rules should always be accompanied by transparency, as it is taxpayers who will foot the bill. Parliament gave government permission to act fast, not fast and loose. It is therefore a matter of real concern that the PAC has regularly highlighted instances of poor record keeping and late publication of contracts.

28. Initially, the response prioritised speed over risk, which was understandable and inevitable to an extent. But some departments were clearly more mindful of risk than others. DWP and HMRC developed procedures for dealing with fraudulent claims, for example.

29. This is important because although different understandings of and approaches to risk exist across Whitehall, the overall level of both needs to improve as many Covid-19 response schemes necessitate spending over a decade or more, which combined with the day-to-day risks leaves the taxpayer exposed to future costs. Priority must therefore be given to reducing instances of fraud, error, and payment defaults.

### **Brexit**

30. Covid-19 has allowed Brexit to take a relative back seat in the media, but the practical ramifications of exit and the preparations ahead of 31 December 2020 have continued to be a major focus for the PAC. And there are many challenges still ahead.

31. These include a raft of bureaucratic changes to how businesses need to operate now that the UK has left the EU. Trade between Northern Ireland and Great Britain, fishing, customs checks, and all the associated paperwork has become immensely complex.

32. Brexit led to a growth in civil service numbers and there is no sign of the headcount reducing. We have also examined instances where Covid-19 contracts have been used to manage the impact of Brexit, and the hidden knock on costs to businesses of compliance. The PAC will continue to track the cost of Brexit as well as the effectiveness of the government’s approach and its support for those affected, particularly at the border.

### **Climate change**

33. The PAC has focused on assessing government’s zero carbon and green strategies – from its promises on environmental improvement<sup>4</sup> to zero carbon vehicles<sup>5</sup> and green

3 Public Accounts Committee, [Covid-19: Education hearing](#), 25 March 2021

4 Public Accounts Committee, [Achieving government’s long-term environmental goals](#), Fortieth report of session 2019–21

5 Public Accounts Committee, [Low emission cars hearing](#), 11 March 2021



taxation.<sup>6</sup> We see headlines but not enough detail about the milestones on the path to delivery. Every policy needs to be assessed for climate change impact or we risk creating a disjointed approach, lacking a coherent overview.

### **Local Authorities – finances and responsibility**

34. Here, the picture was challenging even before the pandemic. After a decade of net funding reductions, a year-on-year increase notwithstanding, councils have reduced services considerably.<sup>7</sup> <sup>8</sup> This has been compounded by the costs of delivering the Covid-19 response locally, as well as lost income from fees and charges.

35. We have seen a spate of local government financial difficulties. These have included boroughs being forced to issue a Section 114 order, under which no new expenditures are permitted, with the exception of safeguarding vulnerable people, statutory services, and existing contracts; and the severe reduction of incomes because of the pandemic (Luton lost income from the airport it owns, for example). It is important to recognise that Covid-19 is not the only reason for these financial challenges.

36. I am very concerned about the state of public sector audit. Auditors are commissioned by councils and are expected to identify risks to their financial health, and to ensure that the accounts are a true and fair reflection of the reality. Local audit fees have been reduced significantly over recent years and there are already very few firms in the market, partly because of the barriers to small firms created by indemnity costs.

37. MHCLG says its metrics show if a council is in difficulty, and that a council would approach it for support. Attempting to avoid the impact of a Section 114 order through private discussions is hardly a transparent approach, as it usually leaves the taxpaying public and local council service user unaware of issues until it is too late.

38. This underlines the importance of strong independent audit, the future of which remains in limbo after the government rejected a central recommendation of the recent Redmond review.<sup>9</sup>

39. But we also need an oversight of pressures in different sectors – for example the exposure of local government in its commercial investments. This is important because ultimately it is the taxpayer who ends up paying the cost if a council fails financially. And once again, the local service user faces the impact of service cuts imposed as a result.

40. Although MHCLG has oversight of the local government sector, the PAC has long been concerned that there isn't enough risk awareness at the heart of Whitehall.

### **Accountability**

41. At the start of the pandemic we saw a flurry of ministerial directions, when departmental accounting officers requested specific permission from the Secretary of

6 Public Accounts Committee, [Environmental tax measures](#), Fifty-Fifth report of session 2019–21

7 Report by the Comptroller and Auditor General, [Local government finance in the pandemic](#), HC 1240, 10 March 2021

8 Public Accounts Committee, [Covid-19: Local government finance hearing](#), 18 March 2021, Q136

9 Ministry of Housing, Communities and Local Government policy paper, [Local authority financial reporting and external audit: government response to the independent review](#), 17 December 2020

State to incur costs which fell outside normal spending rules. This was largely because departments were within a week of the end of the financial year and could not authorise spending money they didn't have.

42. Ministers and the civil service need to be accountable for what is spent—from contracts being let to grants and loans—but with scrutiny limited over the last year, Ministers face far less direct scrutiny in the House of Commons than in normal times, even as openness and transparency about government decisions, awards, activity and spending is more important than ever. This has been accompanied by a growing defensiveness from within Whitehall.

### ***Government contracting***

43. Despite changes in Whitehall to establish a dedicated procurement function there is still room for improvement when it comes to the awarding and management of contracts.

44. The pandemic required government to contract at speed, but some of the basic checks and balances were not applied. The Cabinet Office has accepted that there had been a lack of transparency over many contracts awarded, and that the emergency procedures did not remove departments' responsibility to properly manage conflicts of interest.

45. But the PAC's report concluded that the high-priority lane set up by the government PPE buying team to separately assess and process leads that it considered more credible was not designed well enough to be wholly effective. Leads that were considered more credible were those from government officials, ministers' offices, MPs and members of the House of Lords but it is not clear why this assumption was made.

46. We have asked government to publish the lessons it has learnt from the procurement of PPE during the pandemic for future emergencies and ensure these are applied across the wider government commercial function. This should include guidance for determining what is considered a credible offer and how this is communicated to potential suppliers.

### ***Fraud and error in public services***

47. Underappreciation of risk leads to Government projects going awry and public services being unable to support individuals. The PAC has continued to examine fraud and error in the work of DWP and HMRC, and our recent session with senior officials from those two departments, as well as Business, Energy and Industrial Strategy, the Cabinet Office and Treasury underlined the importance of protecting citizens against risk, the impacts of which are ultimately felt in future taxation, or by individual citizens targeted by fraudsters.

### ***Whitehall musical chairs***

48. I have commented in previous reports about the tendency for Permanent Secretaries and senior civil servants to rotate around the upper echelons of Whitehall. However, in the past year we have seen a new trend, with able and experienced civil servants ousted from their roles, replaced by junior mandarins in the same mould but without the experience to weather the storms of Whitehall.

49. This churn at the top level has led to a loss of institutional memory, and requires younger civil servants, with the thought of a long Whitehall career still ahead of them, to have the courage to call out ministers where appropriate. This makes accounting officer assessments of spending on some programmes particularly interesting reading, and the PAC has increasingly prioritised our work in this area.

### **Short-termism**

50. Governments always try to plan and deliver within a four to five-year horizon. Yet many of the knotty issues facing our country and the world require longer-term thinking. No government can tie the hands of a successor, but certain challenges require broad consensus if they are to be properly addressed.

51. The King's Fund notes that since 1999, there have been twelve White Papers, Green Papers and other consultations on social care in England, as well as five independent commissions and reviews.<sup>10</sup> Yet the question of how to pay for a system to ensure long-term sustainability remains unanswered.

52. Covid-19 has exposed a further failing, where the adult social care sector did not receive the PPE it needed,<sup>11</sup> and continued to struggle with the impact of problems previously highlighted by the PAC; including a lack of strategy for the social care workforce and a lack of support when there was a shortage of medicines.<sup>12 13 14 15</sup>

53. There is a wider debate about risk and the appetite for it in Whitehall. The fact is that risk often has a long tail, meaning that future generations will pay the price of today's short-term thinking.

## **3. Departments of concern**

### **Defence**

54. The PAC has repeatedly highlighted issues about cost overruns and project management by the MoD. Time and time again we see that decisions are delayed, causing more problems later. The ongoing sagas of living accommodation, nuclear submarine decommissioning, and fleet support for carrier strike are just some examples where delayed decisions have cost more or reduced capability.

55. The nuclear enterprise has been put in the public spotlight with the government's strategic defence review<sup>16</sup> suggesting that the UK will increase its stockpile of nuclear warheads. The existing nuclear enterprise and defence nuclear decommissioning have been a particular focus of the PAC's work for the last few years. The creation of the new

---

10 Kings Fund, [Adult social care funding and eligibility: our position](#)

11 Public Accounts Committee, [Covid-19: government procurement and supply of Personal Protective Equipment](#), Forty-Second report of session 2019–21

12 Public Accounts Committee, [Interface between health and adult social care](#), Sixty-Third Report of Session 2017–19

13 Public Accounts Committee, [The adult social care workforce in England](#), Thirty-Eighth Report of Session 2017–19

14 Public Accounts Committee, [Care Quality Commission: regulating health and social care](#), Twenty-Fourth Report of Session 2017–19

15 Public Accounts Committee, [Integrating health and social care](#), Sixtieth Report of Session 2016–17

16 Cabinet Office, [Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy](#), March 2021

post of Director General Nuclear was a welcome step in overseeing this hugely expensive programme, where a small delay or poor decision can cost billions of pounds. The first incumbent stayed in post for only two years<sup>17</sup> and his successor has been in post for two years.<sup>18</sup>

56. The dreadnought class submarines are still not delivered. The vanguard class have had their service life extended by 12 years past their original design-life<sup>19</sup> and there is little scope for any further extension.

57. Lower priority projects are still being allowed to drag on – the decommissioning of nuclear submarines continues to move at a snail’s pace, with not one submarine yet disposed of.<sup>20</sup> This kicking of projects into the long grass is now having an impact on the ability of the Royal Navy to service its fleet because of lack of dockyard space.

58. Part of the issue is the disconnect of politicians to the long-term project management needs of defence capability. Couple this with the short length of service of most ministers and civil servants and there is little incentive for anyone to get a grip on the issue.

59. The extra £16.5 billion (over four years) committed to defence spending in autumn 2020 is in danger of being eroded by the existing gaps in the budget. For the fourth successive year, the PAC has highlighted that there is at least a £7 billion gap in the 10-year defence equipment plan, which could rise to £17 billion. As the outgoing Permanent Secretary honestly admitted to the PAC,<sup>21</sup> the fact that the £16.5 billion MOD has been awarded is not coming on top of a balanced budget means some of this will have to be spent on remedying its existing financial problems.

60. The defence procurement minister was ready with answers when asked specifically what he would do to deliver on the new defence industrial strategy and keep major projects on track.<sup>22</sup> But if experience is any guide, he’ll be reshuffled too soon. Long-term political focus on spending and project management is vital if the taxpayer is to get a better deal and our defence capability is to be delivered.

61. The recent review adds some detail regarding the future, but it also raises many questions about affordability and sets in train additional major projects which need to be properly developed.

## **Health and Social Care**

62. Covid-19 has clearly put a strain on the department with its budget significantly larger and more complex this year.

63. We have now seen several consecutive years where the department has used capital funding to fund gaps in day-to-day spending. This is not sustainable. When assessing

---

17 [Julian Kelly - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

18 [Vanessa Nicholls - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

19 Report by the Comptroller and Auditor General, [The Defence Nuclear Enterprise: a landscape review](#), HC1003, 22 May 2018 [para 3.31]

20 Public Accounts Committee, [Submarine defueling and dismantling](#), One Hundredth and First Report of Session 2017–19

21 Public Accounts Committee, [Improving Single Living Accommodation hearing](#), 25 February 2021

22 Defence and Security Industrial Strategy debate, 23 March 2021 <https://hansard.parliament.uk/Commons/2021-03-23/debates/D41314B4-1433-4E4D-9653-27DF2719A24B/details>

the fallout from Covid-19, there will need to be not just discussions about the baseline spending in the NHS but also about a long-term capital investment programme. Short-term approaches to capital investment just store up problems which then become unaffordable.

64. The last year has found the department once again wanting in its role as steward of the social care system. In previous years we have been critical of the department in its management and understanding of the social care market and how it ensured medicines reached social care settings.<sup>23 24 25 26</sup> The pandemic has shown how the NHS was prioritised for the provision of personal, protective equipment but at a huge cost for social care which only received one tenth of the PPE it needed.<sup>27</sup>

65. Furthermore, the shocking impact of the decision to discharge Covid-positive patients and multiple lockdowns on residents, staff and their families has provided some of the most shameful episodes of the pandemic in the UK.

66. Test and trace was established at pace but, as with so many Covid-19 schemes, built on a centralised model. The three key requirements were capacity for rapid turnaround, tracking test results, and reaching people with positive tests. It is notable that most local authorities are now operating local tracing systems, something they were calling for from the outset.

67. The programme was set up with an unusual governance structure, with an unpaid chief executive initially accountable to the Prime Minister (changed to the Secretary of State for Health in December) but with the DHSC still responsible for the money.

68. Local test centres were outsourced and let to companies with experience of setting up large logistical, people-intensive responses at pace. And increasing test capacity and logistics clearly required some national approach.

69. What the standardised national trace system never seemed to understand was that the national standard approach was almost guaranteed not to identify those people and groups who were marginal or distrustful of authority, including the use of withheld phone numbers.

70. There was no apparent attempt to examine whether local councils or NHS bodies could manage and run the system. This contrasts with the highly successful vaccination programme which was delivered at pace through existing infrastructure.

71. Most concerning are the costs, specifically the large day rates paid to consultants to establish a system which will presumably have a long-term future. It is not clear why the civil service, the NHS and local councils, all of which have long-term stakes in their communities, could not have helped design a system. Whilst additional support from

---

23 Public Accounts Committee, [Interface between health and adult social care](#), Sixty-Third Report of Session 2017–19

24 Public Accounts Committee, [The adult social care workforce in England](#), Thirty-Eighth Report of Session 2017–19

25 Public Accounts Committee, [Care Quality Commission: regulating health and social care](#), Twenty-Fourth Report of Session 2017–19

26 Public Accounts Committee, [Integrating health and social care](#), Sixtieth Report of Session 2016–17

27 Report by the Comptroller and Auditor General, [The supply of personal protective equipment \(PPE\) during the COVID-19 pandemic](#), HC 961, 25 November 2020

consultants was justifiable in the early days of the scheme, given widespread capacity issues across government, test and trace has failed to wean itself off consultants long after the system was established.

72. Unlike the vaccination programme, test and trace has had to cope with its goalposts being shifted more than once. But nevertheless, the scheme has enjoyed considerable financial support<sup>28</sup> and if it is to survive in an era where balancing the books will once again be a priority, urgent thought must be given to how long-term benefits can be secured from this vast expenditure. There must be no repeat of the waste that saw £12 billion spent on a (failed app, for example) – a failure that should be investigated further in due course. Improved accountability would undoubtedly help in this regard.

73. The NHS' wider workforce issues have also been exposed by Covid-19. In the past, the PAC has examined gaps in several professional areas. This year we looked closely at nursing. Our 18th report highlighted a significant shortfall in qualified nurses—nearly 40,000 at the start of 2020<sup>29</sup>—and we highlighted concerns about retention of staff.<sup>30</sup> We have seen how a reduction in training places across NHS professions can lead to severe strain as the NHS struggles with the resulting experience gap down the line.<sup>31 32</sup>

74. The department will need a clear strategy on workforce and social care if it is to set in train the necessary support and secure the funding to support staff and patients as it looks beyond the pandemic.

## Education

75. This year the department was at the centre of some of the most challenging and controversial decisions around Covid-19. Many, such as exams, are outside the remit of the PAC, but even these exert financial strain on a system which was already fundamentally struggling. The PAC has examined some of these Covid-19 initiatives, highlighting lessons learned – or not.

76. These have included the delivery of free school meals vouchers, laptops for schools, the national tutoring programme and, more generally, the preparedness of the department. The takeaway is that the department seems by default to prefer centralised programmes of delivery.

77. We have repeatedly raised concerns about the long promised, and still unpublished, review of SEND. Our report in May 2020<sup>33</sup> highlighted an ongoing gap in funding that has an impact on education for children and young people with education, health, and care (EHC) plans.

---

28 Report by the Comptroller and Auditor General, [The government's approach to test and trace in England – interim report](#), Session 2019–21, HC 1070, 11 December 2020

29 NHS Digital, <https://digital.nhs.uk/data-and-information/publications/statistical/nhs-vacancies-survey/february2015---december-2019-experimental-statistics>, data based on NHS England and NHS Improvement information, February 2020

30 Public Accounts Committee, [NHS nursing workforce, Eighteenth Report of Session 2019–21](#)

31 [NWF0006](#) - Royal College of Nursing submission to NHS nursing workforce inquiry

32 Public Accounts Committee, [Services to people with neurological conditions: progress review, Twenty-Fourth Report of Session 2015–16](#)

33 Public Accounts Committee, [Support for children with special educational needs and disabilities](#), First Report of Session 2019–21

78. Covid-19 has created a challenge and an opportunity for further education but the work on the sustainability of further education colleges<sup>34</sup> gave me little comfort that a long-term solution is in sight. Too many colleges are financially precarious.

79. We have not yet examined the impact of Covid-19 on universities and students but there are many challenges ahead. The department needs to be thinking strategically about how it will tackle these rather than seeing each issue as a task in isolation.

80. It is disappointing that the department is set against evaluating its handling of Covid-19 in year, instead the Permanent Secretary told us that she wants to think about this in concert with the rest of government. Other departments, notably HMRC and DWP, have evaluated as they progress and been more transparent about the risks and challenges of decisions made in the early stages of the pandemic.

### Home Office

81. The Home Office still has a litany of large project failures to its name.

82. In the last year alone we have seen little progress in delivery of the Emergency Services Network—already over four years late and £3.1 billion over budget<sup>35</sup>—a similar story with the digital services at the border programme and a promise, but little more, of huge upheaval of the immigration system.

83. The Permanent Secretary should be looking closely at the capacity of the department to deliver its existing programmes.

84. We continue to monitor the Windrush compensation scheme, alongside our sister committee the Home Affairs Select Committee. The scheme has been slow to pay out and the age profile of those affected means that we will continue to watch this closely.

85. We have also raised concerns about the Home Office's approach to immigration enforcement<sup>36</sup> and asylum accommodation.<sup>37</sup> Despite years of heated rhetoric, we remain concerned by how little evidence the Home Office has gathered to inform its approach, and that it remains apparently incurious about the impact of its actions and the underlying reasons why it continues to struggle with these issues.

### Transport

86. With the massive reduction in passenger numbers because of Covid-19, the department is spending eye-watering sums of taxpayers' money to prop up rail companies and regional transport authorities, whilst prior to the pandemic the PAC and the Transport select committee had concluded that the current franchising model was not delivering and represented a broken model.<sup>38 39</sup>

34 Public Accounts Committee, [Managing colleges' financial sustainability](#), Thirty-Eighth Report of Session 2019–21

35 [Report by the Comptroller and Auditor General, Progress delivering the Emergency Services Network, HC 2140, 10 May 2019](#)

36 Public Accounts Committee, [Immigration Enforcement](#), Seventeenth Report of Session 2019–21

37 Public Accounts Committee, [Asylum accommodation and support transformation programme](#), Twenty-Fifth Report of Session 2019–21

38 Public Accounts Committee, [Rail franchising in the UK](#), Thirty-fifth Report of the Session 2017–19

39 Transport Select Committee, [Rail franchising](#), Ninth Report of the Session 2017–19

87. Lessons learned from projects are not being carried over to others. We have seen similar issues, for example, with integration on Thameslink<sup>40</sup> and Crossrail.<sup>41</sup> Similarly, both Crossrail and HS2 highlight challenges when the department passes over project responsibility to an outside body and is not clear about the governance arrangements. When private bodies are spending taxpayers' money there needs to be greater transparency.

88. Despite these shortcomings, the Committee has also commended the department for its response to the December 2020 border closure in response to the new strain of Covid-19 detected in the UK.<sup>42</sup>

## **Justice**

89. The MoJ will remain on this watch list for some time simply because of the range of change programmes – there is hardly any part of the department left untouched by the ongoing reforms.

90. Courts reform, prison building, and probation all remain a long way from completion, as does an overarching major digital transformation programme.

91. My biggest concern is courts reform. Covid-19 has exacerbated the existing delays. There has been little evaluation of the impact of remote hearings on access to justice and the reform programme has masked fundamental issues such as the availability of judges and basic resourcing of the system.

92. At the same time, promised savings remain undelivered. Combined with the challenges of Covid-19, this presents a significant task ahead.

93. In an example of this, the previous Permanent Secretary secured additional funding for prison building (after new PFIs were abandoned as government policy). He had been faced with a programme that was expected to deliver savings, but subsequent cuts to the MoJ budget made the plans unsustainable.

94. Our most recent hearing<sup>43</sup> gave some confidence that, having secured additional funding, the prison building programme could now be on track. However, there remains a maintenance backlog of around £1 billion on the old estate before a single new prison is built.

95. The MoJ has some way to go in proving that it has a grip on these issues, whilst also delivering probation reforms.

## **Cabinet Office**

96. Often overlooked until recent years, the Cabinet Office has been at the heart of many of the challenges and solutions relating to Covid-19, and Brexit. It is responsible for the strategic oversight of the government's response to the pandemic, and acts as the centre of procurement expertise and government contracting. If government ever truly joins up, then this is where it happens.

40 Public Accounts Committee, [Update on the Thameslink Programme](#), Twentieth Report of the Session 2017–19

41 Public Accounts Committee, [Completing Crossrail](#), One Hundred and Ninth Report of Session 2017–19

42 [Letter from PAC Chair to Alex Chisholm, RE: New arrangements at the UK border, 8 February 2021](#)

43 Public Accounts Committee, [Key challenges facing the Ministry of Justice](#), Fifty-Second Report of Session 2019–21



97. Having held overall responsibility for the procurement of ventilators and Personal Protective Equipment, the Cabinet Office has accepted the recommendations of both the NAO and its own Boardman review into procurement handling during the pandemic.

98. However, it concerns me that one of the core strengths of the British civil service is good record keeping and yet this is one of the areas where it fell short in the last year, something addressed in more detail elsewhere in this report.

99. I am also concerned by the defensiveness of the Cabinet Office. The criticisms of its lack of record keeping and on procurement issues by the NAO and PAC have been accepted and yet we have seen the Cabinet Office continue to actively criticise the work of the Committee and question its sources.

#### 4. Looking ahead

100. As we look ahead, there is a great appetite for government and public services to return to business as usual. But while the Government has outlined its plans—levelling up, tackling climate change, building back better, making Britain great again—it has not laid out how it plans to get there. Examining these plans is a central part of the PAC’s work.

101. Covid-19, the impact of Brexit, and the health of our public finances are on their own huge challenges. And the PAC’s past work shows that large projects take a long time to deliver.

102. So, what does that mean for government and its decision-making?

103. There needs to be a better understanding and communication about the time it takes to deliver policies – slogans are easy, delivery runs on a slower timetable.

104. We must also remember that delivery of major change is never linear. Covid-19 and Brexit are two significant changes which have had an impact on major projects, but smaller issues can also derail, delay or change direction of a plan.

105. Belief in a single path to change can itself create unintended consequences that turn out to be more challenging than the initial problem. Too often the PAC has examined projects that have failed or were delayed because of a rush to deliver without proper planning in place. Brexit has provided many such examples.

106. Government’s appetite for managing risk is a live issue. When Covid-19 hit we had already seen a downgrade in pandemic preparedness, partly because no minister genuinely believed it would happen on their watch. The civil service needs to hold the ring on vital continuity – but with the high turnover of senior civil servants discussed in the Issues section of this report, and elsewhere,<sup>44</sup> there is a weakness in long term planning here too.

107. We need an honest approach to the long-term cost of Covid-19, its impact on the public finances, and the costs to business of both the pandemic and Brexit.

108. There needs to be a renewed emphasis on openness across government. Acknowledgement of when something doesn't work needs to be quicker, because sticking to a flawed plan ultimately ends up costing citizens and taxpayers, especially with long-term issues like climate change and the Covid-19 recovery.

109. And if and when Parliament gives government licence to act at speed, as it did with the Coronavirus Act, it cannot take this as an opportunity to act without transparency. With more power in its hands, government needs to be more inclusive.

110. Hard decisions cannot be put off. We have seen money allocated as part of long-term defence planning allocated or spent on day-to-day issues. We see practical steps towards tackling climate change put off, cancelled, or simply not taken. Cost shunting as an attempt to avoid difficult choices has a cost, both political and actual.

111. Finally, aiming for business as usual is fine, but Covid-19 and Brexit both have long tails that will require careful attention. From the payback and management of bounce back loans or the culture recovery fund loans over one or two decades, to the constraints the pandemic places on other priorities.

112. We should require for every policy an impact assessment on the environment and other areas of government spending – this would at least ensure that Parliament and ministers see their long-term effects on cost shunting and climate change.

113. Telling people that it's going to be a great journey is not enough.

# Formal minutes

---

## Monday 24 May 2021

Virtual meeting

Members present:

Meg Hillier, in the Chair

Sir Geoffrey Clifton-Brown	Mr Richard Holden
Dan Carden	Nick Smith
Barry Gardiner	James Wild
Peter Grant	

Draft Report (*Fifth 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 113 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

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

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

[Adjourned till Thursday 27 May at 9:15am