Treasury Minutes

Government response to the Committee of Public Accounts on the Thirty First to the Thirty Seventh reports from Session 2017-19

Cm 9643
June 2018
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Presented to Parliament by the Exchequer Secretary to the Treasury by Command of Her Majesty

Cm 9643       June 2018
TREASURY MINUTES DATED 28 JUNE 2018 TO THE COMMITTEE OF PUBLIC ACCOUNTS ON THE THIRTY FIRST TO THE THIRTY SEVENTH REPORTS FROM SESSION 2017-19.

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Introductions from the Committee

The Department for Digital, Culture, Media & Sport launched the National Lottery in November 1994. The Lottery, currently run by Camelot UK Lotteries Ltd, aims to raise money for good causes in the arts, sports, heritage, health, education, environment and charitable sectors. Lottery products include draw-based games such as Lotto and EuroMillions as well as scratch cards and online instant-win games. A proportion of proceeds from the Lottery is paid into the National Lottery Distribution Fund. This money is drawn on by 12 non-departmental public bodies that make payments to good causes. The Gambling Commission regulates the Lottery and enforces the terms of Camelot’s operating licence. Since it began the Lottery has raised over £37 billion for good causes. After rising for several years, in 2016–17 income for good causes fell by 15% and ticket sales fell by 9%.

Based on a report by the National Audit Office, the Committee took evidence, on 24 January 2018, from the Department for Digital, Culture, Media and Sport, the Gambling Commission, the Big Lottery Fund, and Camelot UK Lotteries Ltd. The Committee published its report on 5 April 2018. This is the Government response to the Committee’s report.

NAO and PAC Reports

- NAO report: Investigation: National Lottery funding for good causes - Session 2017-19 (HC 631)
- PAC report: The future of the National Lottery – Session 2017-19 (HC 898)

Government responses to the Committee

1: PAC conclusion: Good causes lost out when the Gambling Commission renegotiated the licence with Camelot in March 2012.

1: PAC recommendation: The Gambling Commission should take steps to secure a fair return for good causes from game changes proposed by Camelot over the remaining life of the current licence.

1.1 The Government agrees with the Committee’s recommendation.

Target implementation date: Autumn 2018.

1.2 Since assuming responsibility for regulating the National Lottery in late 2013, the Gambling Commission has sought to use its powers to the full to support fair outcomes for Good Causes. The Gambling Commission is currently scrutinising a range of proposed strategic changes and new and amended games emanating from Camelot’s comprehensive business review conducted during 2017.

1.3 The Gambling Commission will apply its robust assessment and challenge processes throughout the negotiation and decision-making phase, taking full account of the need to ensure that proposals secure a fair return to good causes. This process is indicatively timetabled to conclude by Autumn 2018. Regular innovation is a key factor in the health of the National Lottery, and the Gambling Commission will continue to ensure that impact on good cause returns remains a central consideration in any on-going regulatory oversight and decision-making over the remainder of the current Licence, which operates to 2023.

2: PAC conclusion: The current operating licence is not flexible enough to protect the interests of good causes as player behaviour changes.
2.1 The Government agrees with the Committee’s recommendation.

**Target implementation date:** December 2019.

2.2 The Gambling Commission has embarked on the process of considering options for the regulatory framework for the next National Lottery, due to come into force in 2023. The earlier stages of the Commission’s work, anticipated to be carried out during 2018 and 2019, will look closely at a range of relevant matters, including incentives, benchmarks and mechanisms to hold the Operator to account. Results of these analyses will be taken fully into account in progressing towards the competition stage.

2.3 The Licence competition is a matter for the Gambling Commission in which the Department has no direct role. However, the design of each Licence, since the start of the National Lottery, has been an iterative process over each Licence period. The Department confidently expects that the Commission will take account of experiences of the third Licence when designing the next to deliver a strong National Lottery beyond 2023.

3.1 The Government agrees with the Committee’s recommendation.

**Target implementation date:** Autumn 2018.

3.2 The Gambling Commission assumed responsibility for National Lottery regulation in late 2013, since when major game changes requiring regulatory approval have been required to be supported by significant research. Research, and wider complementary evidence and analysis, has been rigorously tested by the Commission’s Officials and, in many cases, externally appointed specialist advisors.

3.3 It is important to note that predicting the impact of game changes is not a precise science. This is partly due to the challenges in fully predicting future consumer behaviour. This challenge arises partly from the more innovative nature of the UK market (and therefore the absence of meaningful international comparators), and also the inherent possibility within National Lottery games of extraordinary events occurring. For example, the unanticipated extended sequence of rollovers which adversely impacted Lotto player sentiment in early 2016 following changes to the game in late 2015.

3.4 The Gambling Commission will continue to apply a high degree of scrutiny to ensure supporting research is appropriately robust. In specific cases this may include the completion by the Commission of its own independent research in parallel to that provided by Camelot. This approach is already being conducted as part of a live, key game change assessment currently under regulatory review.

3.5 The Government disagrees with the Committee’s recommendation.

3.6 The Gambling Commission works with Camelot to mitigate risks and ensure clear contingency plans are in place for all major changes should underperformance occur. In addition to its own monitoring,
the Gambling Commission first and foremost expects Camelot to monitor the performance of changes and to take prompt, effective action where early indications suggest the changes may be unsuccessful. The Gambling Commission also determines how to make effective use of its regulatory tools to ensure action is taken in the interests of consumers, the public and good causes.

3.7 While prompt reversal of changes is an option should changes not deliver the envisaged results, it is not always the optimal response. To give a commitment to prompt reversal of unsuccessful changes would limit Camelot’s and the Gambling Commission’s ability to deploy other, more targeted, mitigations, and to allow sufficient time for changes to bed in.

3.8 For example, Camelot made changes to the Lotto game in 2015 in response to a trend of long term decline in play. A feature of the innovation gave rise to an extraordinary rollover sequence which negatively impacted Lotto player sentiment and as a consequence led to a drop in participation. A targeted response was quickly implemented, which focussed on changing the jackpot ‘cap’, the feature of the game changes which had detrimentally influenced participation. This slowed the rate of decline in Lotto participation. Camelot have further considered the structure of Lotto as part of their strategic review.

4.1 The Government agrees with the Committee’s recommendation.

Target implementation date: Autumn 2018.

4.2 Decisions about Lottery distribution are made at arm’s length from Government. The Department’s role in matters of affordability is consequently one of support and challenge, rather than active intervention. The Department has a framework in place through which it seeks to be assured that Distributors have sound processes and skills to manage financial risk. The Department routinely liaises with its Distributors through on-going sponsor interactions, and regularly meets their Finance Directors. The Department has also specifically sought information on the impact of falling income on Distributor spending plans and their mechanisms for responding to further reductions.

4.3 Additionally, the Department, in consultation with Distributor Finance Directors, periodically reviews their expenditure forecasts against projected income and amounts held in reserve in the National Lottery Distribution Fund. This enables the Department to ascertain a minimum reserve in the Fund as contingency against uncertain income flows and consider the appropriateness of Distributors’ individual reserves. The most recent exercise concluded in March 2017.

4.4 Distributors are best placed to determine the most appropriate responses to falling income. However, through the interactions as described, the Department is content that all have well-developed strategies to ensure affordability of existing and proposed programmes within a falling income scenario. Indicative good cause income figures for 2018-19 and beyond were shared with the Distributors in March 2018, and will be updated in the Autumn. The Department will use this opportunity to continue discussing the impact of income trends on Distributors’ budgets and will continue to consider how best to support them in any ongoing period of lower income.

5.1 The Government disagrees with the Committee's recommendation.
5.2 To support their planning, Distributors receive six monthly forecasts of the potential range for good cause income annually to the end of the current Licence, based on econometric modelling taking account of emerging trends to National Lottery sales. The Department also provides monthly income statements, with explanations of variations and trends against the baseline to enable distributors to monitor progress in real time; this will continue. Distributors also now have direct access to Camelot and the Gambling Commission to question past performance and future plans.

5.3 The nature of the National Lottery means that annual income levels cannot be guaranteed. It is for Distributors to establish and adapt their strategies for delivering grant programmes within this environment. In combination, we consider the information already provided gives Distributors robust data and as much insight as it is possible to provide on how trend fluctuations could impact forward performance, against which they have to develop their spending plans, taking into account the nature of their business, and their existing financial commitments and exposure.

5.4 Distributors have recently indicated a range of weekly data they consider would help them in making judgements on performance of the National Lottery. The Department does not receive this level of granular data from the Gambling Commission and questions the added value it would bring. Sales vary week by week due to a diverse range of factors, in particular, whether there have been any rollover jackpots, limiting the robustness of any conclusions regarding trends that could be drawn on a week by week basis.

5.5 The Department would not expect Distributors to modify spending plans on such short-term data, or with such frequency. In designing the system by which distributors are provided with information about future returns, the Department aims to take a proportionate and efficient approach, which provides distributors with sufficient information to make informed decisions on future spend, while avoiding a need for them to generate their own forecasts from scratch. The latter would risk an increase in administration spend, covered by funds that could otherwise be returned to good cause projects. The Department will continue to discuss Distributors' information needs in striving to offer the most useful and robust data available.

5b: PAC recommendation: The Department or Commission should ensure that the distributors have any help they need to understand and interpret the data and, during 2018, provide an updated forecast to distributors taking into account Camelot’s plans to address the decline in lottery sales.

5.6 The Government agrees with the Committee’s recommendation.

Target implementation date: Autumn 2018.

5.7 Since the decline of sales in 2016, the Department, together with the Gambling Commission and Camelot, have met regularly with Distributors including the Chief Executives, to share information on expected returns and actions in hand and proposed to reinvigorate the National Lottery.

5.8 In particular, detailed econometric modelling of good cause returns has been shared with the Distributors and updated in March 2018. The Gambling Commission, along with the authors of the modelling report, have taken the Distributors through the detailed assumptions and variables underpinning this work. The modelling will be updated in Autumn 2018, and the Department intends that Distributors will be offered further support to understand and interpret underlying assumptions and conclusions.

5.9 In addition, the Gambling Commission has explained its regulatory functions to the Distributors and its priorities in assessing Camelot’s performance and proposals. Distributors have also had opportunities to question Camelot directly about its delivery of the National Lottery. The Department routinely meets Distributor Finance Directors where data interpretation and forecasts are regularly discussed.

6: PAC conclusion: The Committee is concerned that awareness of the National Lottery’s support for good causes has fallen, and that this is likely to have contributed to reduced participation.
6.1 The Government agrees with the Committee’s recommendation.

**Target implementation date:** September 2018.

6.2 A key outcome of Camelot’s strategic review of business in 2017 was a commitment to re-invigorate the National Lottery brand, including raising awareness of the role it plays in society. Specific measures include the return in April 2018 of the National Lottery live results to prime-time television and with it featuring the good cause outcomes made possible by participation. Camelot’s advertising strategy is being refreshed to integrate across all of its products and outlets an increased emphasis on the ‘life-changing good’ brought about by National Lottery sales.

6.3 Under a One National Lottery brand, Distributors are working together and with Camelot, the Gambling Commission and the Department to extend this integrated messaging from point of sales to point of delivery - the grant recipient. Cross-Distributor governance structures are being amended better to aid this unified approach, and a common approach to advertising the National Lottery brand throughout Distributor and grant recipient communications is near completion. The Department will work with the Distributors to ensure there is a clear timetable for the implementation of proposals.

7.1 Camelot will write to the Committee separately in response to this recommendation.
Introduction from the Committee

On Friday 12 May 2017, a global ransomware attack, known as WannaCry, affected more than 200,000 computers in at least 100 countries. Those affected by the cyber-attack faced a ransom demand to unlock their devices. In the UK, the NHS was particularly affected with about 80 of 236 NHS trusts across England suffering disruption, because they were either infected by the ransomware or had turned off their devices or systems as a precaution. WannaCry also infected another 603 NHS organisations including 595 GP practices. The NHS had to cancel almost 20,000 hospital appointments and operations, and five accident and emergency departments unable to treat some patients had to divert them to other hospitals.

At 4pm on 12 May, NHS England declared the cyber-attack a major incident and implemented its emergency arrangements to maintain health and patient care. On the evening of 12 May, a cyber-security researcher activated a kill-switch so that WannaCry stopped locking devices.

Based on a report by the National Audit Office, the Committee took evidence, on 5 February 2018, from the Department of Health and Social Care, NHS England, NHS Improvement, and NHS Digital. The Committee published its report on 18 April 2018. This is the Government response to the Committee’s report.

NAO and PAC Reports

- PAC report: Cyber-attack on the NHS – Session 2017-19 (HC 312)

Government responses to the Committee

1: PAC conclusion: The NHS was not prepared for WannaCry and there is a long way to go before agreed, prioritised and costed plans for improving cyber security are in place across the NHS.

1: PAC recommendation: The Department and its national bodies should urgently consider and agree implementation plans arising from the recommendations within their Lessons Learned document, prioritising and costing actions, setting a clear timetable, and ensuring national and local roles, responsibilities and oversight arrangements are clear. They should provide an update on progress to the Committee by the end of June 2018.

1.2 The Government agrees with the Committee’s recommendation.

Target implementation date: Summer 2018.

1.2 Work is already taking place to implement some of the Chief Information Officer for Health and Care Review recommendations and the Government will write to the Committee with a plan and timetable for implementing all of the recommendations alongside an update on progress by Summer 2018.

2: PAC conclusion: Communications during the cyber-attack were not co-ordinated and there were no alternative communication methods when email was switched off.

2: PAC recommendation: The Department and national bodies should set out clear roles and responsibilities for national and local NHS organisation so that communications are co-ordinated during a cyber-attack. They should also work together to identify and develop secure alternative communication channels when email, for example, is unavailable.
2.1 The Government agrees with the Committee’s recommendation.

**Recommendation implemented.**

2.2 The Department and its arm-length bodies have updated the cyber security incident handling plan, which has been tested through a national level exercise. Learning from this exercise continues to be actioned by the relevant organisations. There is now one consolidated “cyber handbook” across the Department and its Arm’s Length Bodies (ALBs) to use in light of a cyber-attack. To complement this, and avoid the issues of using email as the channel for communication, both NHS Digital and NHS England have developed alternative communication channels, such as SMS messaging, that can be used in the event of a cyber-attack, providing more resilient command, control and communication arrangements.

**3: PAC conclusion:** The Department and its national bodies know more about NHS preparedness for a cyber-attack now, but still have much more to do to support trusts to meet required cyber security standards and to respond to a cyber-attack.

**3: PAC recommendation:** The Department and its arm’s length bodies should support local organisations to improve cyber security and be ready for a cyber-attack by developing a full understanding of the cyber security arrangements and IT estate of all local NHS organisations.

3.1 The Government agrees with the Committee’s recommendation.

**Recommendation implemented.**

3.2 Overall, 265 Data Security On-site Assessments have been undertaken in the pilot phase and subsequent second phase, giving a detailed picture of organisations’ cyber security preparedness, including for NHS Trusts, CCGs and CSUs.

3.3 Some NHS Trusts were assessed in both the pilot phase and the subsequent, more comprehensive, second phase. 87 Trusts were assessed in the pilot phase and since then, 131 Trusts have had comprehensive assessments undertaken based on enhancements identified in the pilot.

3.4 The results of these second phase comprehensive assessments are helping local organisations understand what they need to do to improve their cyber security and are being used to inform national support to improve cyber security across the system. This informed the provision of targeted central funding of £21 million in FY2017/18 to key sites such as Major Trauma Centres and Ambulance Trusts and also additional targeted funding of £42 million to other NHS Trusts in order for them to address key vulnerabilities.

3.5 All NHS Trusts and NHS Foundation Trusts will be required to undergo a comprehensive on-site assessment by the end of 2018/19. In addition, the programme of on-site assessments is being extended to other NHS organisations and will include some reassessments of Trusts.

**4: PAC conclusion:** Without an understanding of the costs of WannaCry national and local organisations cannot target investment in cyber security.

**4: PAC recommendation:** The Department should provide an update to the Committee by the end of June 2018 with its national estimate of the cost to the NHS of WannaCry and with its national bodies agree with local organisations how to target investment appropriately in line with service and financial risks.

4.1 The Government agrees with the Committee’s recommendation.

**Target implementation date:** Summer 2018.
4.2 As part of a wider update on progress by summer 2018, the Government will publish an estimated national costing of the WannaCry attack and further details of the Departments plans for targeting investment at a local and national level.

5: PAC conclusion: Not all local bodies have the means to update and protect systems without disrupting the ongoing delivery of patient care.

5: PAC recommendation: The Department and its arm’s-length bodies should set out how local systems can be updated whilst minimising disruption to services, and provide guidance and support to do this; ensure that all IT suppliers and suppliers of medical equipment to the NHS are accredited and that local and national contracts include standard terms to maintain and protect NHS devices and systems from cyber-attack; and ensure that local and national workforce plans include a focus on IT and cyber skills.

5.1 The Government agrees with the Committee’s recommendation.

Target implementation date: May 2020.

5.2 NHS Digital has published best practice guidance and example policies on implementing security updates to local systems.¹

5.3 Local organisations should ensure that information technology system providers have appropriate accreditation. This requirement was set out in the 2017/18 Data Security and Protection Requirements, and is also a requirement in the Data Security and Protection Toolkit. The Department will work with the Medicines and Healthcare Products Regulatory Agency (MHRA) to ensure that cyber security is appropriately reflected in the approach to regulating medical devices as part of wider changes to the regulation of medical devices from May 2020.

5.4 NHS Digital has launched new data protection and security e-learning for all health and social care staff which incorporates new material on cyber security.

6: PAC conclusion: While the NHS needs to recognise cyber security is essential for patient safety, there are also lessons from WannaCry for the whole of Government.

6: PAC recommendation: The Department and its national bodies need to make cyber security a priority, and work with wider Government, including the Cabinet Office and the National Cyber Security Centre, to share lessons and promote best practice.

6.1 The Government agrees with the Committee’s recommendation.

Recommendation implemented.

6.2 Cyber security is a priority for the Department and its arms-length bodies with regular senior level governance meetings setting direction for the data and cyber security programme. The Department and NHS Digital work closely with the National Cyber Security Centre and with the Cabinet Office as part of the Government’s National Cyber Security Strategy (NCSS). The Department’s active role in the delivery of the Cabinet Office led National Cyber Security Programme has helped to inform best practice across Government whilst also encouraging pull through of successful wider Government initiatives into the health sector.

Introduction from the Committee

Expenditure on research and development includes exploratory research to acquire new scientific knowledge, applied research to solve specific problems, and translational research to develop new products or processes. In 2015, the UK spent £31.6 billion on research and development, including £8.75 billion of public funding and £15.5 billion of spending by business. The Government has announced plans to increase research funding, and aims to spend an extra £7 billion over the five years to 2021–22. The Department for Business, Energy and Industrial Strategy (BEIS) is responsible for the majority of Government investment in research, which it funds principally through its research councils, Innovate UK and the Higher Education Funding Council for England (HEFCE). Around a third of public funding for research comes from other Departments. From April 2018, a new body, UK Research and Innovation (UKRI) will bring together the research councils, Innovate UK and the research functions of HEFCE. UKRI will be accountable to BEIS.

Based on a report by the National Audit Office, the Committee took evidence, on 31 January 2018, from the Department for Business, Energy and Industrial Strategy. The Committee published its report on 20 April 2018. This is the Government response to the Committee’s report.

NAO and PAC Reports

- NAO report: Cross Government funding of research and development - Session 2017-19 (HC 564)
- PAC report: Research and development funding across Government – Session 2017-19 (HC 668)

Government responses to the Committee

1: PAC conclusion: BEIS does not know how it will achieve the target of increasing total UK investment in research and development, while at the same time compensating for any potential loss of research funding following EU exit.

1: PAC recommendation: To avoid the Government having to make a disproportionately high contribution to future UK research funding, BEIS should develop a clear strategy for increasing total UK investment to 2.4% of GDP, which addresses issues such as under-funding by business and the potential loss of EU funding.

1.1 The Government agrees with the Committee’s recommendation.

Target implementation date: Summer 2019.

1.2 The Government committed in the Industrial Strategy White Paper to reach the target of investing 2.4% of GDP in R&D by 2027, of both public and private investment, stating that the Government would work with industry in the coming months to develop a roadmap for how the Department will reach this target.

1.3 Since the publication of the Industrial Strategy in November 2017, the Department has been working closely with UK Research and Innovation (UKRI) and other Government departments to engage with businesses, academics and other stakeholders across the innovation and research ecosystem. Through this engagement, the Department and UKRI are attempting to better understand the barriers to increased research and development investment by UK and international business, the greatest
opportunities for research and development growth over the next decade\textsuperscript{2}, and the key policies Government should prioritise to reach the 2.4\% target and deliver economic and societal impact. Increasing business investment in research and development will be critical for reaching the 2.4\% target. The Government’s approach and UKRI’s strategy will focus on the policies that will drive business demand for research and development and incentivise investment in it.

1.4 The UK has signalled its desire to continue in the EU-Horizon 2020 programme through an implementation period, and to seek a far-reaching science and innovation agreement with the EU, which establishes a framework for future cooperation. The Department welcomes the chance to discuss possible options for future involvement in the EU framework programmes as part of this agreement.

1.5 It should be noted that the Government’s commitment to underwrite Horizon 2020 funding remains in place in the event that commitments made in the Joint Report and reflected in the draft Withdrawal Agreement are not met. The underwrite guarantees the funding for UK participants in Horizon 2020 for the duration of their projects. This includes projects ongoing at the point of exit, as well as any successful bids submitted before the UK leaves the EU, even if they are only informed of their success or sign a grant agreement after the UK’s withdrawal from the EU.

\textbf{2: PAC conclusion: Government research is funded by multiple departments, with no organisation taking overall responsibility for investment.}

\textbf{2: PAC recommendation: The new UKRI should, by July 2018, publish a strategy showing how decision-makers will work both across the new organisation and with other parts of Government to ensure that research and development is well-coordinated, priorities are aligned, and information is shared.}

2.1 The Government agrees with the Committee’s recommendation.

Recommendation implemented.

2.2 UK Research and Innovation published a Strategic Prospectus on the 14 May 2018.\textsuperscript{3} This document outlines UKRI's ambitions and the measures it will take to deliver impact. To achieve these goals, it will engage with the Government Office for Science (GO-Science) and across Government Departments to deliver specific projects where it has shared priorities. UKRI will act as a champion for the value of research and innovation. As a BEIS non-departmental public body, the nature of this interaction will be focussed on high level engagement and close working to deliver specific projects, rather than extensive collaborative working patterns across all related activities. UKRI's relationship with BEIS is governed by the principles set out in the \textit{Partnerships between Departments and Arm's Length Bodies: Code of Good Practice} and the framework document\textsuperscript{4}.

2.3 The existing work of UKRI's constituent bodies with its partners across Government will continue with further details on how this will work contained in the Council's Strategic Delivery Plans.

2.4 Research funded directly by Government Departments is responsibility of the Chief Scientific Adviser (CSA) and other officials in the relevant Departments. GO-Science and the Government Chief Scientific Adviser have been leading a process whereby departments have published their Areas of Research Interest to identify research priorities and areas of cross-cutting interests. The new Strategic Priorities Fund, a fund for cross cutting initiatives to deliver the ambitions of the Nurse Review, will draw on these Areas of Research Interest to encourage collaboration between UKRI Councils and Departments.

2.5 The Strategic Priorities Fund and collaboration with GO-Science will ensure that UKRI's investment links up effectively with Government Departments' research priorities and opportunities, encouraging funding for research that crosses boundaries between UKRI Councils and Government Departments. It will foster closer collaboration between researchers and policy makers by directing the

\textsuperscript{2} The value of R&D tax credits recently increased to 12\% in Budget 2017

\textsuperscript{3} https://www.ukri.org/about-us/strategic-prospectus/

attention of research and innovation communities to the important questions identified by Government Departments.

3: PAC conclusion: **Government is still not doing enough to safeguard the economic benefits of its research assets.**

3: PAC recommendation: **By April 2018, BEIS needs to provide the Committee with a detailed progress update on the action it has taken to ensure that clear accountabilities are in place to safeguard intellectual property in response to the previous Committee’s recommendation.**

3.1 The Government agrees with the Committee’s recommendation.

Recommendation implemented.

3.2 There are clear accountabilities in place to safeguard intellectual property. The Department leads on intellectual property through its sponsorship of the Intellectual Property Office (IPO), and the IPO supports universities to develop effective intellectual property management strategies. Through toolkits and guidance, such as the guide on *Intellectual Asset Management for Universities*, as well as model legal agreements and a new programme called *IP for Research*, the IPO builds the intellectual property knowledge of PhD students and early career researchers.

3.3 The Department also requires UK universities to have exploitation arrangements in place as a condition of receipt of funding (for example, for Research Council grants) in return for the transfer of any intellectual property ownership to them arising from this funding. The exact mechanism chosen to protect and exploit IP depends on the nature of the opportunity, so the Government does not dictate the terms or nature of these arrangements.

3.4 In addition, in October 2017, the IPO launched a call for views on ways to stimulate collaborative innovation and increase licensing opportunities for intellectual property rights. There was a good range of responses from amongst business and academia and the IPO expect to publish the Government's response shortly.

3.5 The Government has increased support for the application and commercialisation of research through the ca £1.7 billion Industrial Strategy Challenge Fund. Through improving the incentives, support, processes and skills that enable the flow of knowledge and ideas around society, there will be increased opportunities for research commercialisation.

3.6 Research England is developing a new Knowledge Exchange Framework - to benchmark how well universities in England are doing at fostering knowledge sharing and research commercialisation, across the range of ways in which universities work with businesses and others – from collaborative research and development, contract research and consultancy, providing access to facilities and equipment, supporting student and academic start-ups, through to licensing intellectual property and creating intellectual property based spin-outs.

3.7 The Industrial Strategy committed to increase Higher Education Innovation Funding for English universities to £250 million per year by 2021, from £160 million in 2016-17 – this funding will support universities to work with businesses and others to innovate and commercialise research. This is complemented by £100 million Connecting Capability Fund, launched in April 2017, to support universities in England to collaborate together, to pool capability and share good practices in intellectual property commercialisation and in working with business.

4: PAC conclusion: **Government does not know which areas of research need stronger leadership.**

4: PAC recommendation: **Once UKRI is established, it should identify where UK research is lagging behind and develop tailored strategies for investing in and supporting these areas to develop capability and increase productivity.**
4.1 The Government agrees with the Committee’s recommendation.

**Target implementation date:** Spring 2019.

4.2 UKRI believes that balance across multiple disciplines is important to maintain a research environment that is flexible and capable of tackling the challenges and opportunities the UK faces. In considering its overall investment strategy, UKRI, through its councils and their Strategic Delivery Plans, will therefore continue to develop strategies that identify areas of emerging research excellence that present the greatest challenge and provide the greatest opportunity. UKRI makes decisions on research funding on the basis of excellence, value for money, and expert advice following the Haldane Principle, which was recently enshrined in law through the Higher Education Research Act. In doing so, it will continue to take into account the existing body of evidence such as the Science and Innovation Audits and the Research Excellence Framework.

4.3 The interventions decided will be further informed by the strategic leadership from the Government’s Industrial Strategy and by the continued work around the four Grand Challenges. Many of these areas will also be tackled through UKRI programmes such as the Strength in Places Fund and the Industrial Strategy Challenge Fund which highlight areas of opportunity where the UK has the potential to be a world leader. UKRI is working on these programmes and will be able to provide an update in Spring 2019.

**5: PAC conclusion:** BEIS does not know enough about which areas of science have skills gaps, nor the potential impact on the availability of key skills arising from the UK leaving the EU.

**5: PAC recommendation:** UKRI and BEIS should ensure that data on potential research skills gaps is used to establish whether key capabilities and productivity are at risk, and take appropriate action in response.

5.1 The Government agrees with the Committee’s recommendation.

**Target implementation date:** Spring 2019.

5.2 UKRI will develop a talent strategy, building on existing Council strategies and associated interventions. Information from UKRI programmes and Councils’ activities, such as the ISCF, will be used to understand research skills gaps and needs and UKRI will also draw on cross-Government work, such as the Science Capability Review being undertaken by the Government Office for Science.

5.3 To help address skills gaps, the Government has announced an investment of £300 million over the next three years in world-class research and innovation talent. UKRI will deliver new cohorts of PhDs and Knowledge Transfer Partnership positions, in skills gaps and priority areas, alongside new globally prestigious fellowships to recruit and retain the best research and innovation talent.

5.4 To address gaps where longer term interventions may be of benefit, UKRI will work with BEIS, the Office for Students, and the Department for Education to ensure there is engagement with schools, and at higher education level, to fill gaps in the skills pipeline. UKRI will also be able to draw on the capabilities of the Skills Academy Panel, the learned societies and industrial businesses and institutions. It is crucial that UKRI continues to be able to access the global labour market as it does now. Where skills gaps have been identified, UKRI has submitted information to the UK Shortage Occupation list, and have been successful in getting occupations included. These relationships will continue to be important as BEIS and UKRI work with other departments to develop the 2.4% R&D roadmap.

**6: PAC conclusion:** There is good practice in the coordination of research into human health but it has not been sufficiently replicated elsewhere in the sector.

**6: PAC recommendation:** UKRI should review which elements of the model used to coordinate health research can be replicated in other areas.
6.1 The Government agrees with the Committee’s recommendation.

**Target implementation date:** Summer 2019.

6.2 UKRI aims to create the best environment for Research and Innovation in the UK. As part of this goal UKRI will work with the GO-Science to identify areas where elements of the Office for Strategic Coordination of Health Research (OSCHR) model can be replicated and where communities can be drawn together more effectively. UKRI acknowledges the value that OSCHR has brought to collaboration in health and medical research.

6.3 GO-Science will advise on the efficacy and applicability of other co-ordination models across government such as the Energy and Innovation Board, the Animal and Plant Health Strategy, and the Transport and Innovation Board. GO-Science will facilitate cross government collaborations and a more coordinated research agenda using the Areas of Research Interest to identify shared priorities and to inform UKRI strategy.

6.4 UKRI and GO-Science will also encourage collaborations through the Industrial Strategy Challenge Fund and the Strategic Priorities Fund (SPF). The SPF, which was announced in the Industrial Strategy White Paper, has been specifically designed to encourage collaboration among the UKRI Councils and between Councils and Government Departments. Two of its aims are to support multi and inter-disciplinary research and innovation, and research and development aligned with Government priorities, so the majority of bids will involve collaboration either with Government or another bidding organisation.

6.5 While these activities can act as a springboard for communities, such as the ecosystem that OSCHR facilitates, UKRI will not be responsible for formally governing them which will be in line with recommendations from GO-Science on when and how Boards and offices will be established and governed.

7: **PAC conclusion:** Government lacks a complete picture of who is funding what, and the results of government-funded research, meaning it risks missing gaps and overlaps in research programmes or a shared understanding of outcomes.

7: **PAC recommendation:** UKRI should work with other Departments to determine options for developing a cross-Government database of research projects and write to the Committee with a progress update by September 2018.

7.1 The Government agrees with the Committee’s recommendation.

**Target implementation date:** October 2018.

7.2 The Government already has existing mechanisms such as the Areas of Research Interest being worked up by each Department and by the existing ResearchFish mechanism for tracking research.

7.3 GO-Science is working with Departments to clarify their research requirements – the Areas of Research Interest statements. These are nearly complete. GO-Science and the Government Chief Scientific Adviser will work through the Chief Scientific Advisers and their Departments to ensure their priorities are delivered and to identify the best mechanism for delivery.

7.4 The Research Councils have provided a strong coordination point for their areas and all are signed up to the ResearchFish platform for tracking outputs of research. UKRI inherits this base of knowledge and the Department will look to UKRI to identify how best to manage this inheritance and improve on it. One of the key tasks for UKRI will be to understand fully its research landscape and to identify the key links between programmes in order to exploit the opportunities these create.

7.5 In addition, the Department is currently exploring how we work through the Energy Innovation Board and its members to improve tracking of R&D activity and outcomes within the energy sector. The Department will be working with UKRI and Go science on this over the Summer and should be able to report progress by October 2018.
Thirty Fourth Report of Session 2017-19
Department for Business, Energy and Industrial Strategy
Exiting the European Union: Department for Business, Energy and Industrial Strategy

Introduction from the Committee

The Department for Business, Energy & Industrial Strategy has one of the largest Brexit portfolios of any Government Department. It is responsible for 22 of the 58 economic sectors the Government says will be affected by Brexit, and 68 of the over 300 Brexit-related areas of work, or work streams that Departments need to complete as a consequence of the UK leaving the EU. To be ready for March 2019, the Department must plan for both a negotiated and a no deal scenario, prepare the necessary secondary legislation, and establish new processes and systems, including building new IT systems.

Alongside its work on Brexit, the Department leads a substantial portfolio of domestic policies and projects, 8 of which are listed on the Government's Major Projects Portfolio. The scale of the work is substantial and the Department has recruited more staff to support its Brexit work.

On 19 March 2018, the Department for Exiting the European Union published the Draft Withdrawal Agreement which includes a transition period running to 31 December 2020, and stated that the UK and the EU negotiating teams aim to finalise the entire Withdrawal Agreement by October 2018.

Based on a report by the National Audit Office, the Committee took evidence, on 31 January 2018, from the Department for Business, Energy and Industrial Strategy. The Committee published its report on 25 April 2018. This is the Government response to the Committee’s report.

NAO and PAC Reports

- NAO report: Implementing the UK’s exit from the European Union: Department for Business, Energy and Industrial Strategy - Session 2017-19 (HC 608)

Government responses to the Committee

1: PAC conclusion: The Department for Business, Energy and Industrial Strategy conveyed no clear sense of the need or urgency to re-prioritise its overall programme of work.

1: PAC recommendation: The Department should look again at its priorities for business as usual and its Brexit portfolio to reassess which programmes could be stopped, paused or slowed down, taking into account its capacity and skills. It should update the Committee within 2 months confirming that it has done so and what has changed as a result.

1.1 The Government agrees with the Committee’s recommendation.

Recommendation implemented.

1.2 The Department is focused on getting the best exit deal for the UK, as well as delivering a challenging domestic agenda. The Department’s priorities are set out in the BEIS Single Departmental Plan, published on the 23 May 2018.5

1.3 The Single Departmental Plan shows how the Department has prioritised its work into five objectives. EU Exit is one of those five, and where relevant EU Exit work has also been embedded into the other objectives, which are to deliver the Industrial Strategy, promote competitive markets and responsible business practices, ensure a reliable, low cost and clean energy system, and departmental

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transformation. The Department has identified priority work streams within its overall EU exit programme and has re-calibrated its resources to align with the Single Departmental Plan, including deploying circa 200 ‘business as usual’ staff onto EU exit work.

1.4 Since January 2018, the Department has secured £185.1 million funding for 2018/19 from the Treasury for EU exit work and is confident in its plans to fill EU exit vacancies identified for 2018/19.6

1.5 The existing Departmental performance reporting system constantly monitors pressures to delivery such as timescales, costs and resources of all Departmental activity in order to ensure successful delivery of the Departmental priorities and the Single Departmental Plan. Any deviations are monitored and acted on by the Performance Finance and Risk Committee by reprioritising work and considering resources available. There is also an escalation mechanism in place that allows individual teams or projects to flag any risks to delivery of their stated objectives so corrective action can be taken.

1.6 The Department has put its first piece of EU Exit primary legislation (the Nuclear Safeguards Bill) through Parliament, which provides the necessary powers to establish a domestic nuclear safeguards regime and is a major milestone in our preparations for departure from Euratom and in the UK’s wider preparations to leave the European Union. In addition to passing this legislation, the UK has now signed new bilateral international safeguards agreements with the International Atomic Energy Agency, to replace the current trilateral agreements that include Euratom. These new arrangements mark an important step forward in our preparations for exit from Euratom and emphasise our continued commitment to the IAEA and to international safeguards and nuclear non-proliferation.

1.7 The Department has established a process for prioritisation of secondary legislation, with ongoing monthly and quarterly reviews with Ministers to prioritise amongst ‘business as usual’ Statutory Instruments. Three draft statutory instruments under the EU (Withdrawal) Bill have been published to date. Over 1,000 officials have received some form of legislation and Parliamentary training since January 2018, including 200 of the Department’s staff receiving training specifically on Statutory Instruments.

1.8 The Department has 39 Partner Organisations, of which 12 are delivering EU exit issues. Approximately 32 of 72 issues are being delivered by its Partner Organisations, with clear accountability and oversight by the Department.

2: PAC conclusion: The Committee doubts the realism of the Department’s plans to deliver the numerous IT systems required to support the implementation of its Brexit work streams, especially when it has yet to start procurement.

2: PAC recommendation: The Department should take the necessary steps to get procurement and testing of its IT projects back on track. It should set out what it has done in its update to the Committee in two months.

2.1 The Government agrees with the Committee’s recommendation. Recommendation implemented.

2.2 The Department is confident in its plans to deliver. Over the last year, it has gone through a rigorous process of identifying the commercial and digital implications of its EU Exit issues, scoping and testing the requirements, and moving forward with these projects.

2.3 The latest assessment is that there are 8 digital projects, for which the procurement status is as follows: one project does not require procurement as it represents a minor enhancement to existing systems; one has a call-off contract in place; two have completed the invitation to tender; one is expected to start in the coming weeks; one will be procured before February 2019 (but a solution is not required to be in place before January 2021); and two are at the stage of defining high level requirements with stakeholders, expected to complete by end of June 2018. With one exception, all of these are low value projects, each less than £1 million.

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2.4 The Department’s Executive Committee has increased its level of scrutiny over IT projects. All new EU exit issues identified are assessed by the digital team for any digital elements. The digital and commercial teams report fortnightly to the Executive Committee highlighting progress on issues and projects requiring deep dives as the Department continually monitors scheduled delivery. There is a dedicated digital assurance team which assures these projects with high-level support.

3: PAC conclusion: The Department has recruited more staff to undertake the work needed for Brexit, but the Committee is not convinced it has yet got the right mix of skills and experience in place to implement its Brexit work effectively.

3: PAC recommendation: The Department should set out how the skills and experience of the staff it recruited in 2017–18 met its needs, identify any gaps, and set out the number, skills and experience of those it needs to recruit in 2018–19. It should update the Committee accordingly in two months.

3.1 The Government agrees with the Committee’s recommendation.

Recommendation implemented.

3.2 In 2017/18, the Department committed to filling at least 350 additional roles, and by the end of the year, ahead of schedule, over 400 roles were filled. As a predominantly policy Department, it was appropriate that the majority of these staff were policy specialists. The Department recruited a mix of new entrants and experienced civil servants, the latter forming the majority of those recruited. Of the circa 400 roles filled to date, over 300 have been policy roles, with approximately 65 project management roles filled and the remainder working in analysis and other functional areas.

3.3 The Department expects to recruit around a further 300 staff to fill EU Exit roles in 2018/19. The 2018/19 tranche will be a mix of generalist policy skills and specific skills such as commercial and digital. In addition to new recruits the Department is using specialist contractors to enhance commercial and digital capability. We are going through a structured process, to closely examine both requirements for recruitment, and the continued upskilling of existing staff, including negotiators.

3.4 A comprehensive learning offer for new starters and enhanced capability offer for experienced civil servants has also been rolled out. The Department has put into place a wide-ranging programme of learning and development, training hundreds of staff in project management, legislation and Parliamentary process. The Department continues to look at ways to improve its offer in the future and this is likely to include procurement of bespoke courses with universities and other providers.

3.5 The Department has also established a range of training opportunities focussed on negotiations, which include expert workshops and coaching with external colleagues. Over 550 staff have attended a range of negotiations training sessions, including lessons learned teach-in sessions such as insight from EU-Canada Comprehensive Economic and Trade Agreement trade negotiators, simulation exercises, expert workshops and bespoke negotiations training including from the University of Oxford. Feedback from attendees has been positive and the Department for Exiting the European Union colleagues have praised the Department’s approach.

3.6 All new staff now attend a comprehensive induction to the department with those new to policy also attending the BEIS Policy Excellence Week to receive a concentrated week of upskilling which looks not only at policy writing but also policy development. This is now being seen as best practice in Whitehall, as reported in the latest Cabinet Office review of BEIS capacity and capability.

4: PAC conclusion: The Department’s Brexit task is significant and complex, but the lack of transparency over its activities underlines proper scrutiny of the progress and pace of its Brexit work.
4.1 The Government disagrees with the Committee's recommendation.

4.2 The Government is committed to finding an appropriate arrangement that allows effective parliamentary scrutiny while avoiding prejudicing the negotiations to leave the EU or preparations for implementing the results.

4.3 The correspondence between the Department for Exiting the European Union and the Committee in April confirmed that the Department currently has 72 EU exit issues which cover a wide range of policy areas relevant to current Departmental responsibilities.

4.4 The Department has delivery plans in place for all its programmes, has deployed additional resource to deliver these, and co-ordinates delivery across a wide range of Partner Organisations. The Government will continue to keep Parliament informed through regular statements, Committee appearances, and debates, and through close working with the National Audit Office.

5.1 The Government agrees with the Committee's recommendation. Recommendation implemented.

5.2 In the past, the management and processes surrounding secondary legislation has led to an uneven flow of SIs coming before Parliament. In order to address this, and ensure departments are making the necessary preparations, the Cabinet Office and DEXEU have undertaken work within Government to improve the overall management of secondary legislation and build capability. This includes the introduction of a central oversight process which more closely aligns with how primary legislation is managed.

5.3 The Parliamentary Business and Legislation Cabinet Committee now oversees all secondary legislation with this centrally-run process monitoring each department's progress on SIs. This is to get a proper forward look of all statutory instruments (SIs) due to be laid before Parliament. The aim is to ensure a more even flow of SIs being laid before Parliament, wherever possible. This also helps the Cabinet Secretariat to continue to work with DEXEU and other departments to ensure that collective agreement, where necessary, is obtained on time.

5.4 This approach gives central oversight of departments' secondary legislation, and ensures that they have plans in place to run their own coherent planned programme. Every Department now has a Minister, and Senior Civil Servant responsible (SRO) for secondary legislation. They are both accountable for their department's SI programme, ensuring it is stress-tested, prioritised and the right resources are available to prepare.

5.5 The Leader of the House of Commons meets these Ministers regularly to discuss secondary legislation requirements and their SI preparedness. Regular cross-Whitehall meetings have also been held, bringing all SROs together to discuss departmental preparations and share best practice. Moreover, Number 10, the Business Managers and the Cabinet Secretary receive regular updates on the progress with secondary legislation.
5.6 In terms of the Brexit Secondary Legislation Programme, the work aims to both support and hold departments to account for preparing the necessary secondary legislation for different Brexit scenarios. The overall aim of the Brexit Secondary Legislation Programme is to have a functioning statute book on the day we leave the EU, without prejudice to negotiations.

5.7 DEXEU's EU Exit Secondary Legislation Programme has been looking closely at all the processes involved in making SIs and streamlining as much as possible including monitoring departments' drafting progress and seeing where processes can be combined with other approaches or stopped. The programme team has also provided Brexit-specific secondary legislation training, which has been tailored to departments.

5.8 The Cabinet Office and DEXEU believe that appropriate measures are in place across Government to prepare the secondary legislation needed for Brexit, and these are constantly reviewed.
Thirty Fifth Report of Session 2017-19
Department for Transport
Rail franchising in the UK

Introduction from the Committee

The Department for Transport awards franchises to run rail services for passengers to private sector companies. The Thameslink, Southern and Great Northern (TSGN) franchise, which operates services in South East England, is the largest of the Department's passenger rail franchises and is also tasked with supporting delivery of the Thameslink Programme to improve services for passengers. The current operator, Govia Thameslink, started operating services on the franchise in September 2014. Since then, performance has been poor: 146,000 trains were cancelled between July 2015 and March 2017, and more trains have been delayed on this franchise than any other.

The East Coast franchise covers intercity routes between London King’s Cross and Yorkshire, the north east of England and Scotland and is run by Virgin Trains East Coast (VTEC). The franchise started in 2015 and had been due to run until 2023. In February 2018, the Department announced that VTEC’s contract to operate the franchise would end some five years early. Passenger numbers have not increased as much as the operator assumed when it bid for the franchise, meaning that VTEC will not be able to continue to pay the Department the amount it is contractually required to run the franchise.

Based on a report by the National Audit Office, the Committee took evidence, on 26 February 2018, from the Department for Transport, Network Rail, Govia Thameslink Railway, Stagecoach and Virgin Trains East Coast. The Committee published its report on 27 April 2018. This is the Government response to the Committee’s report.

NAO and PAC Reports

1. NAO report: The Thameslink, Southern and Great Northern rail franchise - Session 2017-19 (HC 528)
2. PAC report: Rail franchising in the UK – Session 2017-19 (HC 689)

Government responses to the Committee

1: PAC conclusion: Passengers have suffered unacceptable levels of disruption due to the Department’s inability to effectively balance the trade-offs between short-term returns to taxpayers and sustainable improvement of passenger services.

1: PAC recommendation: From the next franchise it awards onwards, the Department should ensure that the priorities and incentives of Network Rail and the franchise operator are aligned to serve the passenger. These incentives should be embedded in contracts, rather than relying on good relationships between individuals.

1.1 The Government agrees with the Committee’s recommendation. However, the Government disagrees with the Committee’s conclusion.

Recommendation implemented.

1.2 The Government agrees that passengers suffered unacceptable levels of disruption but does not agree that this was because the Department did not effectively balance the trade-offs between short-term returns to taxpayers and sustainable improvement of passenger services. Whilst the challenge of delivering a major upgrade on a live network contributed to disruption, the unprecedented industrial action was the single most significant cause of poor performance.

1.3 The Department has worked closely with Network Rail to continually improve the way in which Network Rail feeds in to the franchising process. This has included embedding Network Rail staff in to each franchise project team to provide day to day input to create the invitation to tender, as well as participating in
internal Departmental review meetings at key points of the process, and reviewing the invitation to tender to provide assurance on delivery. It also includes Network Rail working bilaterally (within appropriate commercial constraints) with bidders to ensure that bid proposals can be properly aligned with Network Rail’s business planning.

1.4 Both Network Rail and train operating companies are already incentivised through their contracts and through their regulatory process to deliver on their service provision to passengers. As part of the bidding process, bidders are assessed on the strength of their proposals for how they will work in partnership with Network Rail to deliver the franchise as a whole. In addition, the Department is working closely with industry to ensure there is a focus on working collaboratively across industry to serve the needs of passengers, supporting this where necessary through contracts and regulatory reporting.

2: PAC conclusion: The Department turned a blind eye to the potential level of industrial action on the Thameslink, Southern and Great Northern franchise, a particular lack of foresight given that it already knew that passengers were at risk of disruption from the Thameslink programme.

2a: PAC recommendation: The Department should reflect on the lessons from TSGN about the level of change that can be achieved on any one route. Where it does anticipate change, it should ensure the franchise operator has robust risk management plans in place which take into account how other elements of the broader rail system have the potential to improve or harm delivery of passenger services.

2.1 The Government agrees with the Committee’s recommendation. However, the Government disagrees with the Committee’s conclusion.

Recommendation implemented.

2.2 The Department does not agree that it turned a blind eye to the industrial relations issues. The Department recognised that an increase in Driver Controlled Operation in Govia Thameslink Railway bid would increase the risk of industrial action. That is why the Department contracted contingency plans set out in Govia Thameslink Railway’s bid to minimise the impact on passengers. Previous implementation of Driver Controlled Operation across the rail network, including on GTR, had been delivered without major incident. The actual level of strikes that passengers experienced were unprecedented and unforeseeable at the time the franchise was contracted. That said the Department agrees that risk management is an important consideration, both when evaluating franchise bids and throughout the lifetime of a franchise once it has been awarded.

2.3 In relation to the bid evaluation process, the invitations to tender now include an explicit requirement on franchise bidders to identify the risks to successful delivery of their plans and to set out the steps they will take to mitigate those risks. the bid evaluation methodology now provides a more explicit focus on “confidence that the Department’s requirements will be met”, providing a direct link between the quality of bidders’ risk identification and mitigation plans and their evaluation score; and the approach to contracting the leading bid gives the Department a clear basis to include the bidder’s proposed risk mitigation measures in the final contract where these are considered to be important.

2.4 Once franchises have been awarded, ongoing management of each franchise includes formal franchise performance meetings, mandated under the franchise agreement. These are held at least monthly and involve senior representatives from the Department and from the franchisee. These meetings include consideration of the most significant risks to the successful delivery of the franchisee’s obligations and scrutiny of the franchisee’s plans to manage and mitigate those risks.

2b: PAC recommendation: It must ensure it engages with all key stakeholders including rail unions, as an open and honest dialogue is in the best interests of passengers.

2.5 The Government agrees with the Committee’s recommendation.

Target implementation date: September 2018.
2.6 The Department welcomes participation by the trade unions in this process and has already implemented an approach whereby it often invites the trade unions to meet as part of its engagement with stakeholders. The Department will revisit this approach over summer 2018 to determine how well this is working and if improvements could be made, aiming to finalise this by September 2018. Over this period, the Department will consider how engagement might include dialogue over enhancing people leadership and employee participation, how a genuine culture of reskilling and relearning can be embedded (especially in times of great technological change) and how diversity and inclusion can be promoted.

3: PAC conclusion: It is unacceptable that the Department agreed to disregard the terms of its contract and settle the level of fines Govia Thameslink will pay for future poor performance before knowing whether Govia Thameslink was performing well or not.

3: PAC recommendation: The Department should write to the Committee by September 2018, explaining how it has reviewed its approach to performance management of rail franchises, in order to reduce the risk that performance regimes break down in practice and to set clear expectations for protecting passengers and taxpayers if alternatives to the contracted regime need to be found. It should also set out how it held Govia Thameslink to account between September 2017 and September 2018, and how it will do so after the current agreement ends.

3.1 The Government agrees with the Committee’s recommendation. However, the Government disagrees with the Committee’s conclusion.

Target implementation date: September 2018.

3.2 The Department used the terms of the contract to take appropriate enforcement action and put in place actions to improve performance. The Department found that Govia Thameslink Railway breached contracted performance targets on cancelled trains and short formed trains during the peaks. The Department assessed the impact of industrial action in order to establish which breaches were attributable to the Govia Thameslink Railway. This analysis made clear that there were on-going breaches in relation to cancellations and peak short formations. As a result, the Department took enforcement action, under the terms of the contract, to implement a second remedial plan.

3.3 The Department reviews its contractual performance regimes regularly to ensure that, as new franchises are let, it has reflected on any lessons identified from the management of franchises in life. Particular attention is paid to whether the approach is fit for purpose, and is likely to drive the right set of behaviours by train operators in respect of delivering for passengers and providing value for money for taxpayers.

3.4 There are circumstances in which it is appropriate for benchmarks set at the beginning of the franchise to be reviewed during the life of the contract. For example, should assumptions about the delivery of infrastructure change such that it materially affects the operator’s ability to deliver to the originally agreed levels. Failure to do so would penalise the operator for a change outside their control and would not meet the test of setting realistic, but stretching, targets designed to drive operators to deliver the best deal for customers.

3.5 The new Remedial Plan includes a set of interim performance measures up to September 2018. The Remedial Plan sets out why there has been a breach, the steps the operator is going to take to remedy the breach and the timescales for taking these steps.

3.6 The Department has a range of steps it could take if Govia Thameslink Railway did not comply with the Remedial Agreement. Should there be a breach in performance levels, the Department can hold Govia Thameslink Railway to account through the Departments normal enforcement process (for example requiring Govia Thameslink Railway to deliver further passenger benefit), or in extreme cases – penalties or contract termination.

3.7 The Department will write to the Committee in September 2018 with a further update.
4.1 The Government agrees with the Committee’s recommendation.

**Target implementation date:** September 2018.

4.2 The Department remains committed to making continual improvements to its passenger demand forecasts in line with the latest best practice and evidence. The Department’s rail forecasting guidance was very recently updated (in May 2018), which has improved the robustness of the framework through both the incorporation of the latest data and methodological improvements, such as taking into account the impact on the number of journeys from the change in employment patterns across sectors.

4.3 Working collaboratively with the industry, the Department has an ongoing programme of research, such as a study being led by the Rail Safety and Standards Board (RSSB) to better understand the factors influencing travel behaviour. The Department is also in the process of improving the database used in demand forecasting estimation studies, and has commissioned work relating to important determinants of demand, such as fares and the number of journeys taken per season ticket.

4.4 The Department has introduced a new approach to testing the financial viability of franchises when evaluating bids, which was first introduced with the Southeastern franchise competition. This incorporates a downside scenario into the financial robustness test in order to provide a greater stress test of a franchise’s viability, as well as taking account of a downside (less optimistic) scenario in the formula to evaluate which bid wins the competition. The Department continues to consider changes to evaluations and robustness tests on a franchise-by-franchise basis.

4.5 The Department will write to Committee in September 2018 ahead of the next franchise award.
Introduction from the Committee

Modern slavery encompasses slavery, servitude and compulsory labour and human trafficking. In 2014 the Home Office estimated that there were between 10,000 and 13,000 potential victims of modern slavery in the UK in 2013, and in 2013 it estimated that the overall social and economic cost to the UK of human trafficking for sexual exploitation alone was £890 million. The Department introduced the Modern Slavery Strategy in 2014 with the aim of significantly reducing the prevalence of modern slavery. This was followed by the Modern Slavery Act in 2015. While the Department is the policy lead for managing the UK’s response to modern slavery, a range of public sector organisations are involved in delivering the strategy, alongside businesses and non-governmental organisations (NGOs). The Department funds and manages the process for identifying victims, known as the National Referral Mechanism. It also manages a contract for support services for potential victims of modern slavery in England and Wales, currently run by the Salvation Army.

On the basis of a report by the National Audit Office, the Committee took evidence, on 21 February 2018, from the Home Office, National Crime Agency and the Independent Anti-Slavery Commissioner. The Committee published its report on 2 May 2018. This is the Government response to the Committee’s report.

NAO and PAC Reports

- NAO report: Reducing Modern Slavery - Session 2017-19 (HC 630)
- PAC report: Reducing Modern Slavery - Session 2017-19 (HC 866)

Government responses to the Committee

1: PAC conclusion: The Home Office has no means of monitoring progress or knowing if its Modern Slavery Strategy is working and achieving value for money.

1: PAC recommendation: In order to effectively track whether its Modern Slavery Strategy is working and prioritise funding and activities, the Department should set targets, actions, a means of tracking resources, and clear roles and responsibilities within the programme and report back to the Committee by December 2018.

1.1 The Government agrees with the Committee’s recommendation.

Target implementation date: December 2018.

1.2 The Department will continue to work with Government Departments to develop an enhanced performance framework for the modern slavery strategy, which will include setting targets and milestones for elements of delivery. The enhanced performance framework will include indicators to monitor progress across the strategy, and developing indicators that provide insight into outcomes for individuals who have been referred to and received support through the National Referral Mechanism (NRM).

1.3 The Department will also continue to work with Government Departments to map out roles and responsibilities for delivering the strategy, setting out and monitoring direct spend on modern slavery programmes. The Department will set out roles and responsibilities of different agencies in relation to victim identification and support, through regulations under Section 50 of the Modern Slavery Act 2015 and statutory guidance under Section 49 of the Act. The Department will write to the Committee by December 2018 to update on progress.
2.1 The Government agrees with the Committee’s recommendation.

**Target implementation date:** Spring 2019.

2.2 The Government recognises the importance of continuing to build the evidence base and intelligence picture about modern slavery.

2.3 The Department has published research about the scale and nature of modern slavery in the UK. Through the Modern Slavery Innovation Fund, the Department is funding academic research to improve understanding of trafficking from key source countries. The Department will continue research on modern slavery and work closely with academic institutions specialising in modern slavery. The introduction of a new digital system to support the National Referral Mechanism will enable data to be captured more consistently, and facilitate analysis to support prevention activity.

2.4 Law enforcement agencies have focused on strengthening intelligence, leading to improved understanding of modern slavery and increased operational activity. The National Crime Agency has designated modern slavery as high priority for intelligence collection purposes, and co-ordinated resources from different law enforcement agencies to collect and develop intelligence, including through Project AIDANT, which has focused on specific thematic areas of modern slavery.

2.5 The Police Transformation Fund has been used to establish analytical teams that strengthen intelligence assessment and generate new data at regional, national and international levels. This includes assets within Europol and the Joint Slavery and Trafficking Analysis Centre, a multi-agency unit that provides strategic intelligence reporting to support policy and law enforcement. Over the next year, law enforcement agencies will continue to strengthen the collection, analysis and dissemination of intelligence relating to modern slavery, informing the prevention response.

3.1 The Government agrees with the Committee’s recommendation.

**Target implementation date:** April 2019.

3.2 The Government recognises that more needs to be done to monitor and drive compliance with this legislation. The Department plans to develop a list of businesses in scope of the legislation and will use this to write directly to Chief Executives in Summer 2018 with clear guidance and resources to support effective reporting under the Act.

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7 https://www.gov.uk/government/collections/modern-slavery
3.3 In addition, the Department will establish an advisory group bringing together key NGOs, the Independent Anti-Slavery Commissioner’s office and the Gangmasters and Labour Abuse Authority (GLAA) to share intelligence and build a fuller understanding of the compliance picture. The group will identify the highest risks and poorest performing sectors, enabling Government and civil society to better target their communications to business.

3.4 The Department will evaluate the effectiveness of these activities in order to assess whether further measures would be appropriate, including publishing a list of companies in scope as well as more punitive measures. The Department will write to the Committee by April 2019 with details of progress and the latest compliance estimate.

4: PAC conclusion: Reform of the National Referral Mechanism has taken too long and the current system does not allow the Government to understand and deal with modern slavery effectively.

4: PAC recommendation: By January 2019 the Department should ensure that the reformed NRM system enables it to collect and analyse data to understand the crime, the businesses and the sectors where prevalence is highest, and, where victims consent, to understand what happens to victims after they leave the NRM.

4.1 The Government agrees with the Committee’s recommendation.

Target implementation date: Summer 2019.

4.2 In October 2017, the Government announced that it would implement a new digital system to support the NRM process and identification of potential victims. The priority for the digital system must be that it works for users – the first responders and caseworkers who will be using it daily. However, the system will also enable data to be captured and analysed to better aid prevention and law enforcement activity.

4.3 The Department has appointed a supplier to develop the digital casework system. The Department will work closely with the supplier, stakeholders and key users, including the caseworkers at UKVI and NCA, of the digital system to ensure that the system design and functionality provides an efficient casework system that enables better data analysis. This will include understanding the experience and journey of individuals who are referred into the NRM; information about the exploitation experienced to support upstream interventions; and, where victims continue to engage with services, the experience of individuals after they leave the NRM.

4.4 The Department intends to have an operable digital system in Autumn 2018. The move to a new digital system will need to align with the wider NRM reform programme, particularly the introduction of a Single Competent Authority which will be in place by April 2019. The Department is planning that the digital system will be used for all referrals and casework in this new unit. Transition to the digital system needs to align with the wider NRM reform programme and the Department is considering the best approach to this.

5: PAC conclusion: The Committee is very concerned that victims are waiting far too long to receive National Referral Mechanism decisions, causing distress and anxiety to vulnerable people, and increasing the costs of the victim care contract.

5: PAC recommendation: Within six months, the Department should write to the Committee setting out what actions the competent authorities are taking to reduce the time potential victims wait for a decision, and how the reformed NRM will reduce decision making times further, including what the target time for a conclusive decision will be.

5.1 The Government agrees with the Committee’s recommendation

Target implementation date: April 2019.
5.2 The introduction of a digital system to support the NRM process and the creation of a Single Competent Authority (SCA), by April 2019, is anticipated to reduce decision making times by reducing duplication of information, improving data sharing and supporting a more streamlined decision-making process.

5.3 The Department has invested resource to reduce the current cohort of NRM cases where individuals are awaiting a conclusive grounds decision. The number of NRM decision makers has increased with many new staff already in post (between July 2017 and July 2018 staffing in the UKVI decision-making hub will have doubled). Continuous Improvement experts are analysing and improving the current NRM processes to generate benefits now and for the SCA.

5.4 The Department acknowledges the importance of giving individuals more certainty around when a decision can be expected. Once the changes to the decision-making system that aim to reduce decision-making timescales have been implemented, the Department aims to give victims realistic timescales in which their cases will be considered. These processes will be tested to ensure that target times are realistic and do not affect the quality of decision-making at the expense of speedy decisions. Whilst individuals await a conclusive grounds decision they can access support, including safe house accommodation.

6.1 The Government agrees with the Committee’s recommendation.

Target implementation date: Spring 2019.

6.2 As part of NRM reform, the Department is working with key stakeholders to develop a set of minimum care standards for adoption in all future care contracts for victims of modern slavery in England and Wales. These standards will build on the expertise of the wider sector who are providing support to victims of modern slavery. Once drafted and consulted on appropriately, the Department will consider, by autumn 2018, adopting those standards into the current victim care contract by way of a contract amendment. Under the terms of the current Victim Care Contract, the Salvation Army conducts annual safeguarding checks of all sub-contacted provision. These checks cover staff training, complaints procedures for both staff and victims and the safety of accommodation. Any issues identified as a result of these checks are escalated as appropriate to the Home Office.

6.3 The Department is also consulting with experienced care sector inspectorates and colleagues in UK Visas and Immigration to design an inspection regime for modern slavery victim care. The support provision for victims of modern slavery is unique and the design of, and framework for, the inspection regime will therefore need to be developed dependent on the final minimum care standards that are introduced into the victim care contract. The Department will update the Committee on the development of minimum care standards and associated inspection regime in six months.

7.1 The Government agrees with the Committee’s recommendation.

Target implementation date: March 2019.
7.2 The Department will continue to work closely with partners to develop consistency in the response to modern slavery across the UK. The Department has worked closely with the National Crime Agency and National Policing Lead to encourage a consistent approach to modern slavery across police forces. The National Policing Modern Slavery Action Plan, promoted by the Association of Police and Crime Commissioners and National Police Chiefs’ Council, sets out practical steps for police forces to improve their investigations and strategic response.

7.3 The Crown Prosecution Service (CPS) has delivered mandatory training in every CPS Area focusing on the provision of early investigative advice to support all police forces in building robust cases and to ensure consistency in approach. The Independent Anti-Slavery Commissioner and Local Government Association have published guidance for local councils on their roles in relation to modern slavery.

7.4 Over the next year, law enforcement and the CPS will focus on sharing toolkits, guidance and best practice to encourage consistent responses. This includes work by the Police Transformation Programme and national Police and Crime Commissioner’s (PCCs) modern slavery network to roll out training, workshops and toolkits for PCCs and police forces. Also, the CPS will develop new governance arrangements at a local level to share lessons learned from individual cases.
Thirty Seventh Report of Session 2017-19
Department for Environment, Food and Rural Affairs / Department for International Trade

Exiting the European Union: Department for Environment, Food and Rural Affairs and Department for International Trade

Introduction from the Committee

The Department for Environment, Food and Rural Affairs is one of the Departments most affected by Brexit. With almost all of its areas of responsibility framed by EU legislation, it is a key player within Government in negotiations on the withdrawal agreement and the future relationship with the EU, in future trade agreements, border planning and in agreeing future arrangements with the devolved administrations. It is responsible for 64 of the 300 plus Brexit-related work streams across Government. Almost half of these have an IT component, and some require establishing entirely new bodies to take over EU regulatory functions. On top of this, it has to manage a sizeable legislative programme, including two major pieces of new primary legislation on agriculture and fisheries, continue its business as usual, and achieve efficiency savings of £138 million in 2018–19.

The Department for International Trade was formed in July 2016 in direct response to the EU referendum result. It has overall responsibility for promoting British trade across the world, including preparing for and then negotiating Free Trade Agreements and market access deals with non-EU countries. DIT is responsible for eight of the Brexit-related work streams across Government. Its tasks include joining the World Trade Organisation and the Government Procurement Framework, planning for different scenarios and introducing new legislation. DIT will therefore need to work with the devolved administrations to ensure coherent public procurement law and policy. In November 2017, DIT submitted its first piece of primary legislation to Parliament, the Trade Bill, which will establish the framework for the UK to operate its own trade policy.

On 19 March 2018, the Department for Exiting the European Union published the Draft Withdrawal Agreement which includes a transition period running to 31 December 2020, and stated that the UK and the EU negotiating teams aim to finalise the entire Withdrawal Agreement by October 2018.

Based on a report by the National Audit Office, the Committee took evidence, on 7 March 2018, from the Department for Environment, Food and Rural Affairs, and the Department for International Trade. The Committee published its report on 4 May 2018. This is the Government response to the Committee’s report.

NAO and PAC Reports

- NAO report: Implementing the UK’s exit from the European Union: Department for Environment, Food and Rural Affairs - Session 2017-19 (HC 647)
- NAO report: Implementing the UK’s exit from the European Union: Department for International Trade - Session 2017-19 (HC 713)

Government responses to the Committee

1: PAC conclusion: Due to the continuing uncertainty over the future relationship with the EU, Departments have to plan for several different scenarios and are unable to provide business and other stakeholders with the information they need to help them prepare for Brexit.

1: PAC recommendation: DEFRA and DIT must, by July 2018, publish on their websites information and timelines setting out how and when they anticipate being able to provide more explicit guidance for businesses and key stakeholders on what they need to do to prepare for Brexit.
1.1 The Government disagrees with the Committee’s recommendation.

1.2 The Government is committed to providing businesses and other key stakeholders with the information they require to prepare for EU Exit. This can be achieved through publishing timely and accurate information, but also through ongoing engagement with business.

1.3 Government has undertaken a range of informal engagement with selected stakeholders since the EU Referendum to determine how best to provide guidance and support, ensuring Government establish a future trading environment that works for all. Engagement continues to refine the EU Exit information stakeholders require, when they will need this information, and how it should best be delivered.

1.4 Whilst negotiations with the EU continue, however, it could be counterproductive to provide businesses with timetables, which may well be subject to change.

1.5 DIT and Defra will coordinate across Government and follow normal Parliamentary approvals and procedures to publish the information in a timely fashion, in line with the current and future proposed legislation. The Government is committed to ensuring published information that businesses and key stakeholders require is navigable across Departments, for example by reciprocal sign-posting on Government websites.

2.1 The Government agrees with the Committee’s recommendation.

Recommendation implemented.

2.2 Departments need to be given sufficient time to plan and also ensure that taxpayers money is allocated and used in line with the principles in Managing Public Money. For 2018/19 allocations, the Treasury started discussions with Departments immediately after the November 2017 Budget when the Chancellor allocated £1.5 billion of additional support to help with Brexit preparations in the coming financial year. The Chief Secretary to the Treasury sought the earliest possible resolution with Departments consistent with value for money for the taxpayer. Agreements were reached over the period with final allocations announced at Budget 2018.

2.3 For 2019/20, discussions on Departments resourcing need are ongoing. The Government plans for additional allocations to be agreed in the first half of this financial year.

3.1 The Government agrees with the Committee’s recommendation.

Target implementation date: Summer 2018.

3.2 DEFRA recognises that the majority of its functions intersect with devolved areas of policy and has been working with the devolved administrations to secure future common frameworks that are in the
best interests of people in all parts of the UK. The purpose of this engagement is to support the vitally important UK internal market, and the benefits it brings for the economy as a whole, and to help ensure the UK can negotiate, enter into and implement new trade agreements and international treaties. DEFRA will continue to discuss these areas intensively with the devolved administrations to achieve the right long-term outcomes.

3.3 DEFRA has introduced a number of fora to strengthen regular engagement and collaboration with the devolved administrations on EU exit related matters. These structures include regular multilateral intra-UK ministerial meetings, underpinned by meetings of DEFRA and devolved administration senior officials, and technical policy working groups that are examining issues such as domestic preparedness for EU exit across the full range of the industry sectors which trade food products.

3.4 DIT has worked with the devolved administrations across a range of trade policy issues. DIT has consulted with them closely on the progression of the Trade Bill and continues to work with their trade promotion bodies to cooperate effectively on shared trade promotion activity to support UK businesses. The Board of Trade, convened by DIT in 2017, works to spread the benefits of trade and investment across the whole of the UK.

3.5 The Trade White Paper, published in October 2017, further made clear the UK is committed to a transparent approach to international trade and invited views on the UK’s approach to future trade agreements. The White Paper set out the commitment to working closely to deliver an approach for future trade policy that works for the whole of the UK, reflecting the needs and individual circumstances of England, Scotland, Wales and Northern Ireland, and drawing on their essential knowledge and expertise.

3.6 Both Departments will write to the Committee in Summer 2018 with an update on what has been achieved and the risks and challenges that remain.

4: PAC conclusion: Despite Departments’ optimism about delivering the post-Brexit functions required, there are already signs of delay to key primary legislation and work towards future trade deals.

4: PAC recommendation: Departments must ensure realistic plans and key milestones are in place for all of their work streams by the end of July 2018.

4.1 The Government agrees with the Committee’s recommendation.

Recommendation implemented.

4.2 The Government is undertaking a wide range of preparatory work to support UK EU exit negotiations and preparations. This body of work has been ongoing since the referendum and continues to develop as negotiations progress.

4.3 Within DEFRA, significant work is going into revising and enhancing its plans with improved planning guidance and greater clarity for project planners on the standards expected. This continuous process of reviewing and refining will give DEFRA an increased level of detail and provide a consistent approach and clarity on the alignment of plans with the cross cutting areas such as Legal and Finance.

4.4 The Government will continue to keep Parliament informed through regular statements, Committee appearances, and debates, and working closely with the National Audit Office.

5: PAC conclusion: The Committee considers it unrealistic to expect DEFRA to achieve the efficiency savings needed alongside delivering Brexit and its extensive portfolio of non-Brexit work.

5: PAC recommendation: DEFRA should acknowledge that it cannot continue to do everything it is currently doing, and write to the Committee by the end of June 2018 setting out its processes for prioritisation and a list of programmes and areas of activity that it is stopping, postponing or descoping.
5.1 The Government disagrees with the Committee’s recommendation.

5.2 DEFRA matches its activity to the resources available through the annual business planning cycle. The current portfolio of both EU exit and non-EU exit activity was subject to robust challenge as part of this process. Financial performance is monitored and reported regularly to Ministers and the Executive Committee throughout the financial year so that additional measures to prioritise the portfolio can be taken, as needed, in light of new pressures, slower than expected progress towards efficiency targets, or changes in the operating context. For example, reprioritisation of activity during the last financial year resulted in almost 400 FTE employees being redeployed from Defra’s non-EU Exit portfolio onto EU Exit work.

6: PAC conclusion: There are substantial risks, including disruption to the agri-food and chemical industries, if DEFRA’s IT systems are not ready in time.

6: PAC recommendation: Given its poor track record on IT delivery, DEFRA must ensure it has the necessary resources in place to complete its IT programmes on time and avoid costly and embarrassing contingencies involving manual completion and submission of forms. The Committee expects DEFRA to update the Committee on its progress by the end of June 2018.

6.1 The Government agrees with the Committee’s recommendation.

Recommendation implemented.

6.2 DEFRA is resourcing EU Exit IT programmes through various routes to ensure it has the necessary resources in place: recruiting Civil Servants and interim contractors, using consultants where appropriate, engaging external suppliers through new and existing contracts and through redeployment of existing people. DEFRA is committed to learning lessons from previous IT programmes and will assure delivery through increasing senior level oversight; monitoring and controlling IT delivery; ensuring visibility of delivery, maintaining technical oversight on deliveries; inviting independent assurance from Cabinet Office, IPA and the Treasury and commissioning independent specialist assurance as required.

6.3 The extent of what can be delivered varies in different scenarios. Manual or semi-manual options for vital services exist in the event of a no-deal scenario. An Implementation Period provides greater opportunity to ensure that IT systems are developed, tested and deployed effectively.

7: PAC conclusion: The Committee is not convinced that DIT yet has the right mix of skills and experience in its workforce to deliver effective trade deals.

7: PAC recommendation: DIT should write to the Committee within two months setting out how its existing capability, together with any further recruitment plans it has, will enable it to have the skills needed to negotiate trade deals.

7.1 The Government agrees with the Committee’s recommendation.

Recommendation implemented.

7.2 In the period since the EU referendum, the Department has invested in building up the UK’s trade policy and negotiations capability considerably. The Department has also recently established a ‘Trade Profession’ for the Civil Service headed by the Chief Trade Negotiations Advisor, Crawford Falconer, to build trade capability across Whitehall and overseas. The Department now has more than 3,700 people (including Export Finance) working to deliver its objectives, including an international network of around 1,400 people deployed across 108 countries worldwide. The Departments trade policy capability has grown significantly from 45 at the Department creation, to over 500, including export control, lawyers, and analysts.

7.3 With the Foreign and Commonwealth Office’s Trade Policy and Negotiations Faculty, the Department has put in place an accelerated programme of trade training, drawing on leading British, as well as international expertise from the US, Canada, New Zealand, and Australia. Considerable numbers
of staff have been able to benefit already - in 2017, over 1,000 staff from 17 Departments attended training provided by the Trade Faculty. As of today, 350 staff across Whitehall have completed intensive practitioner training.

7.4 In 2017, the Department and the Trade Faculty launched a series of expert-level policy deep-dives and trade negotiations simulations, bringing together cross-Government sector experts working on trade policy to train as a single UK negotiations team. Staff from 8 Government Departments are undertaking in-depth training in trade facilitation and customs, technical barriers to trade, rules of origin and financial services. 2018 will see this programme further accelerated through expert negotiator training and an expansion across a broad range of trade policy areas.

8: PAC conclusion: DIT does not yet have an adequate understanding of the regional and sectoral impacts of Brexit on inward investment and jobs and industry’s ability to trade smoothly.

8: PAC recommendation: DIT should write to the Committee, again within two months, explaining how it is using strong analysis of the impact of different options on sectors and regions to inform its decisions about trade and inward investment policy.

8.1 The Government agrees with the Committee’s recommendation.

Target implementation date: Summer 2018.

8.2 The Department is developing analysis and a strong evidence base to inform the development of trade and investment policy, including considering the impact on sectors and regions.

8.3 One recent example of this is the impact assessment of the Comprehensive Economic and Trade Agreement (CETA) between the European Union and Canada published in May 2018. This used Computable General Equilibrium modelling to assess the sectoral impacts of CETA, and provided information on which regions might be most affected by the agreement. It is intended that a range of analytical and modelling techniques will be used to assess the sectoral and regional impacts of future trade negotiations. This analysis will be conducted in accordance with the principles of transparency set out in the October 2017 paper Preparing for our Future Trade Policy, noting the need to ensure the Departments negotiating position is not undermined.

8.4 The Department is also developing analysis of the role that Foreign Direct Investment plays in the UK economy, including at sector level, in support of the Departments FDI strategy. The Departments Export Strategy will be supported by discussions with a wide range of businesses and the Departments analysis of the key challenges UK firms of all sizes face in fulfilling their potential in global markets and the role that the Government can play in supporting them.

8.5 The Department will write to Committee, in Summer 2018, to explain further how it will use strong analysis on sector and regions on trade and investment policy.
Treasury Minutes Archive

Treasury Minutes are the Government’s response to reports from the Committee of Public Accounts. Treasury Minutes are Command Papers laid in Parliament.

**Session 2017-19**

Committee Recommendations: 233  
Recommendations agreed: 212 (91%)  
Recommendations disagreed: 21 (9%)

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**Session 2016-17**

Committee Recommendations: 393  
Recommendations agreed: 356 (91%)  
Recommendations disagreed: 37 (9%)

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**Session 2015-16**

Committee Recommendations: 262  
Recommendations agreed: 225 (86%)  
Recommendations disagreed: 37 (14%)

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³ List of Treasury Minutes responses for Sessions 2010-15 are annexed in the Government’s response to PAC Report 52

³ Report 32 contains 6 conclusions only.
### Treasury Minutes Progress Reports Archive

Treasury Minutes Progress Reports are the Government’s response on the implementation of recommendations from the Committee of Public Accounts. Treasury Minutes Progress Reports are Command Papers laid in Parliament.

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<sup>10</sup> Contains updates on Treasury Minutes - Session 2017-19 - up to March 2018.